Vol. V

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1927.

27
19

No. 603

L. P. LARSON, JR., COMPANY, PETITIONER,

vs.

WM. WRIGLEY, JR., COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT

PETITION FOR CERTIORARI FILED NOVEMBER 4, 1927

CERTIORARI GRANTED DECEMBER 5, 1927

(33,055)

IN THE

Supreme Court of the United States.

OCTOBER TERM, A. D. 1927.

No.

L. P. LARSON, JR. COMPANY,
Petitioner,

vs.

WM. WRIGLEY, JR. COMPANY,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

RECORD

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IN THE

United States Circuit Court of Appeals

FOR THE SEVENTH CIRCUIT.

OCTOBER TERM, A. D. 1925.

No. 3727

L. P. LARSON, JR., COMPANY,

Appellant,

vs.

WM. WRIGLEY, JR., COMPANY,

Appellee.

No. 3728

WM. WRIGLEY, JR., COMPANY,

Appellant,

vs.

L. P. LARSON, JR., COMPANY,

Appellee.

MR. CHARLES H. ALDRICH,
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Counsel for Wm. Wrigley, Jr., Co.

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5544 Tuesday, November 21, 1922. 10:30 A.M.

(The argument on the qestion put to Nelson L. Buck was continued. The master ruled: I shall take this testimony subject to the objection on the first two questions, the question of interest on invested capital and depreciation. As I view it, it is a question too close to warrant the master in excluding the testimony, and inmaking the ruling I am not giving any particular question to what has been said on the other two branches, good will and the other question.)

5546 NELSON L. BUCK resumed the stand for further direct examination by Mr. Lane:

(Mr. Lane asked the witness to state to the master just what inventions were taken over by the Wm. Wrigley Jr. Company from the Zeno Company, and the advantages possessed by those structures over what had been previously used by the Zeno Company in its manufacture (4009) of gum, and the effect of the savings resulting therefrom.

Mr. Aldrich objected in the ground that the evidence was immaterial and irrelevant to any question that was in issue in this case, and for the additional reasons he had therefore stated in connection with the previous similar question to the witness, Nelson L. Buck.

The Master stated that he would take the testimony subject to the objection, and that Mr. Aldrich may save his objection to all such line of testimony, whether from the witness, Nelson L. Buck, or other witnesses without necessity of repeating his objection each time.)

5547 The Wm. Wrigley Company took over patents as follows:

No. 1, what is known at the Barbieri patent No. 968,-109; issued Aug. 23, 1910; application filed April 16, 1908. When I speak of the Wrigley Company I refer to the West Virginia Company of the Wm. Wrigley Jr. Company.

5548 The West Virginia company also took over Patent No. 2, what is known as the Price patent No. 965,598, issued July 26, 1910; application filed November 22, 1909.

There is also another one, No. 3, what is known as

the Barbiere patent No. 968,110, issued August 23, 1910; application filed August 19, 1909.

There were other patents which the Wm. Wrigley Jr. Company took over from the Zeno Company, but they were of minor importance compared to these.

There is also another one, No. 4, what is known as the Price patent No. 992,590, issued May 16, 1911; appli-
(4010) cation filed April 27, 1910.

5549 There were other patents, the first of which we designated as No. 5, known as the Price patent No. 1,185,822; issued June 6, 1916; application filed April 8, 1913.

No. 6, known as the Price patent No. 1,109,461; issued September 1, 1914; application filed August 13, 1913.

No. 7, as a Price patent, application pending.

In the figures which I have made I have not considered the pending application, as I remember it. I am simply including the Barbieri patent No. 968,109, the Price patent No. 965,598, the Barbieri patent 968,110, the Price patent 992,590, and the Price patents 1,185,822 and 1,109,461.

In my figures on the values to the Wrigley Company by the the acquirements of patents, I would like to add something there, that I grouped these patents into two classifications, Nos. 1 to 4, both inclusive, covering the sheeting and catching of the gum sheets; Nos. 5 to 7, both inclusive, covering the wrapping of the gum.

5550 (Mr. Lane then offered in evidence that patents that had been referred to by the witness as Wrigley Exhibit 64, Buck Nos. 1 to 6, both inclusive. They were received in evidence and so marked.

Mr. Aldrich, at the request of Mr. Lane, stipulated that uncertified copies of the patents might be used with the same force and effect as originals or duly certified copies thereof might be used; and that the dates appearing thereon might be considered prima facie correct, all sub-
(4011) ject to examination and correction, if error appear.)

Direct Examination by Mr. Mayer (Continued)

I wil state what the practice of the Zeno Company was concerning the manufacture of gum and the values acquired by the Wrigley Company through the ownership
5551 of the patents I have referred to. Previous to about

July 1st, 1908, we used in our manufacturing room three principal types of machines, namely, mixing kettles, gum breaks or rollers and gum cutting machines. It was our custom at that time after the gum had been made or mixed up in our kettles to remove it by manual labor to a table in chunks or units of about sixty pounds. As each unit was removed from the kettle it was kneaded and pressed into a round or uniform loaf and then slightly pressed down into a flatter shape by means of manual labor. The next operation was to put this loaf under a hand lever which flattened it out to about three inches in thickness.

I am now speaking about the Zeno Company's method of operation and previous to about July 1, 1908.
Attached to the table where this gum was pressed out
5552 was a machine called a roller or break and the rolls of which were adjustable. After the gum was pressed down by the lever the rolls of the break were adjusted so that the distance between the same would be about an inch and a half. The flattened piece of gum was fed through these rolls which operation reduced the thickness to a mass the thickness of the distance between the rolls. This operation converted this mass of gum from a piece two or threw inches thick by an average of fifteen to eighteen inches in diameter to a mass possibly one and
(4012) one-half inches thick by a measurement of about fifteen inches wide and approximately five or six feet long. By manual labor this sheet was cut into pieces by means of a knife, about fifteen inches square, or at least the length of the sheet was severed into pieces about fifteen inches in width. These separates pieces were picked up and piled into tiers at a location to the rear or in front of the operator so that as the next piece came through the piles would not interfere with the gum of the next sheet. This similar operation was continued until all of the gum of each batch was similarly taken care of.

That piling was done manually and the rollers were fed manually when we were thinning out this batch of
5553 gum. The rolls were then adjusted so the distance between the same was approximately one-half the former distance. One tier of gum formerly referred to would then be pulled forward in alignment with the rolls or break, the rolls would be reversed and then each sheet from the tier would be fed through the breaks separately

by manual labor and received on the other side of the breaks also by manual labor.

The regulation of the rollers and the reversal of them was done manually. This operation was continued until all of the gum from the tiers formerly referred to was similarly taken care of. The rollers were then manually stopped, reversed in direction and adjusted so that the distance between the rollers would be slightly less than they were formerly. Then the same sheets I just previously referred to were fed back throuh the same rollers.

Manually, with an operator or attendant on the other side to receive the sheets as this operation was duplicated from two to three additional times until the gum was
(4013) reduced in thickness to the proper thickness or
5554 weight, but with the exception that previous to the last rolling, instead of delivering or receiving the thin sheet on the table on which it had been previously taken care of, that part of the table was taken out of place so that a truck could be pushed up in position so that the gum could be received on it in place of the table.

From the time of starting such batch, which, for convenience, we will assume was approximately five hundred pounds in weight, to the time it was reduced down to the proper thickness, there was a time consumption of approximately thirty minutes.

The next operation was to brush the surplus sugar from these sheets and then to feed the sheets through a cutting set of rollers which rollers divided the sheet up into single sticks.

This sheeting was done manually and the receiving of these sheets after passing through the cutting machine or scoring machine was also manual. In following out this operation, while it was at least as efficient a process as was used in the chewing gum trade, yet it involved, in our opinion, excessive labor, and furthermore, inasmuch as it involved so much manual labor and the han-
5555 dling of the tender, warm and soft sheets, it created a tremendous amount of what we term as scrap or gum which could not be used for the trade.

There was no regulation number of times this batch of gum was put through these rollers in order to thin out the batch to the proper thickness. It was usually dependent, however, upon the final thickness of the gum which
(4014) we desired to produce. We left the number of times that the gum would go through largely to the judgment of

the operator. I would say, however, that it usually amounted to at least five times and many times six or seven.

As a further explanation, it can undoubtedly be appreciated that in handling a thin sheet of gum about eighteen inches wide by six or seven feet long, varying in thickness from a quarter of an inch down to the standard or usual thickness of a piece of gum, that in order to tier it up one sheet over another the operator was obliged to throw the end of the sheet over his arm or hand as it first came through the rollers and then walk forward away
5556 from the machine in assisting to keep the sheet flowing away from the rollers to prevent it from buckling. In handling the gum this way it left finger and hand marks in the sheet and for this reason there was an excess amount of waste created. Furthermore, by this process the sheets as they were thus finished were ragged in appearance and therefore when they were finally put through the scoring or cutting rolls we had an excess amount of frayed or rough edges which we also considered as similar scrap.

After the gum was put through the cutting rolls it was by manual labor tiered on tray of size about fifteen inches in diameter by twenty inches in length, and after this gum had been permitted to cool and age it was then trimmed by manual labor. This trimming operation in addition was very expensive. We used a large number of employes for this purpose. In order to simplify this whole sheeting, scoring and the registration of the gum itself in trays, we had devised or invented a machine for performing the three operations in one, and from
(4015) about the year 1909 such machine has been continuously used, first by the Zeno Company and then by the Wm. Wrigley Jr. Company, for the handling of all of its chewing gum product. The sheeting machine just referred to comprised the patents designated by Wrigley Exhibit 64: Buck Nos. 1, 2, 3 and 4.

5557 The things that were accomplished by the sheeting machine patents were the sheeting of the gum, the scoring or marking of the gum, the trimming of the gum and the registering automatically of the cut sheets onto trays in sheet form; there really are four things.

I did not say anything about the separating of the gum because that does not involve any saving as compared to what we formerly did. We did not have that opera-

tion, I take it, in our former procedure, but that is a necessary part of the new operation.

This scoring, trimming and putting the machines automatically on trays that I said is covered by those patents is done automatically, with the exception of the necessary attendant who is in charge or which is required for each sheeting machine.

This automatic work was adopted about 1909. The patents involved by them are those that are now marked Buck Exhibits 1, 2, 3 and 4, respectively. By means of Buck Exhibits 1, 2, 3, and 4, we are able to take the gum as it was received from the kettles, as illustrated by the photograph which I have here.

5558 (Mr. Mayer then offered in evidence the photograph just referred to by the witness. It was received in evidence and marked Wrigley Exhibit 64, Buck No. 7.)

5559 (Wrigley Exhibit #64, Buck No. 7.)

(4016) We are able to take the gum as it was received from
5560 the kettles, as illustrated by Wrigley Exhibit 64, Buck No. 7, deposit it into a hopper and from that point it was handled automatically, namely, converted from the large lump form into a continuous sheet, and by means of a series of rollers it was automatically reduced to the thickness of a piece of gum of the required weight. After passing through the final reducing roller it automatically went through a set of scoring rolls and from this point, after being converted from a continuous sheet to separate sheets of about eighteen inches square, each sheet containing about one hundred fifty individual pieces of gum which, while scored, were held in one sheet by means of a thin gum membrane, it was conveyed forward to a point where each of these sheets of size about eighteen by eighteen was automatically registered on trays as shown in the photograph which I now produce.

(The said photograph which the witness then produced was offered in evidence by Mr. Mayer. It was received in evidence and marked Wrigley Exhibit 64, Buck No. 8.)

5561 (Wrigley Exhibit #64, Buck No. 8.)

(4017) To briefly summarize, it is seen that the sheeting
5562 machine mechanism takes the gum from its lump form, automatically converts into a thick continuous sheet, then reduces said continuous sheet by means of series of roller sets until it is reduced down to the predetermined thickness. It then automatically marks said continuous

5563 sheet into individual sticks, it then automatically trims the rough edges from the sheet, then converts the marked sheet from a continuous sheet into single sheets, each of which contain about 150 sticks, and separates such sheets containing about 150 sticks by a distance of about six inches on the final conveyor belt.

It then automatically registers each one of the individual sheets just mentioned on a tray, and on these trays, after there has been built up anywhere from seven to thirteen sheets of gum, said trays are removed from that part of the machine which we call in common practice the merry-go-round and which is distinctly shown in Buck No. 8, and as one filled tray is removed from said merry-go-round another operator stands convenient to said position in order to put on an empty tray in its place. Registering the sheets on trays means depositing them on the trays. The patents I am describing are the patents in group 1 to 4 inclusive. By this method the gum automatically registered or delivered on the receiving trays is uniform in shape and thickness without being distorted by hand handling such as occurred with the method used previous to the use of what we called the sheeting machine, and upon being removed from the merry-go-round it was then ready to be broken into pieces by the wrapping machine operator with the exception that there is a short interval of time consumed between the final sheeting operation and the time that it is used in the wrapping operation in order to get the
(4018) gum cool and go through a slight aging period. (It
5564 appeared from a question which the master put that the patents were issued as follows: No. 1 on August 23, 1910; the second on July 26, 1916; the third on August 23, 1910; the fourth on May 16, 1911, and that the applications for the first one dated back as early as April
5565 16, 1908. There are other patents in somewhat similar principle, but they could not be applied to the manufacture of chewing gum which is evidenced by the fact that we were given patents on the points in question. These patents were exclusively adapted to the manufacture of gum.

As to whether these machines are like certain candy
5566 machines which the master has referred to, I will say the problems involved in the manufacture of gum, in that it is a sticky, elastic and peculiar mass in itself, involves problems which are not duplicated in other processes,

and furthermore this machine handles the product so many times greater in capacity, has a capacity so many times greater than any other machine to my knowledge that is used even in candy factories such as you referred to that it is peculiar in itself. None of these candy machines would do the work at all.

Exhibit 64, Buck No. 8, shows one of these sheeting machines I have been talking about. The merry-go-round is the prominent platform in the front of the picture. The trays that I have been referring to are pictured on that so-called merry-go-round.

5567 The capacity of this machine is approximately five hundred pounds of sheeted gum each five to eight minutes, while by the old method to turn out a similar quantity of gum would have taken in excess of thirty minutes. The sheeting machine efficiency effects larger savings in all other parts of the manufacturing department. The fact that this sheeting machine can handle a batch of gum of say five hundred pounds in from five to eight minutes permits a labor saving in the unloading of the (4019) gum kettles in that, instead of the man whose duty it 5567 is to unload the kettle lump by lump spreading his time over a period of thirty minutes, by the use of the sheeting machine he unloads it just as fast as he can manually do so. It is apparent also that if the gum kettles, instead of being held up for unloading for a period of thirty minutes, can be unloaded in a period of five to eight minutes, that it would then take less kettles and therefore less investment, less space, and savings in other minor savings.

Power would be included among the miscellaneous 5568 classifications of savings. While with the old method it was necessary to brush off the excess amount of sugar from each sheet just before it passed through the scoring or cutting rolls, the sheeting machine in question automatically takes care of this operation. The sheeting machine automatically trims and registers each sheet of gum on trays, while with the old method the trimming operation alone required a large number of employes. By trimming I mean taking off the imperfect, frayed strips from the edge of each sheet. By the old method, while it was necessary to manually transfer each sheet of gum from the original receiving tray after it had been trimmed to a final tray which was used in transferring the gum to the wrapping department, yet by use

of the sheeting machine this operation was entirely eliminated.

Inasmuch as the gum turned out by the sheeting machine consisted of more uniform and regular shaped sticks, the amount of trim to be remade was very considerably reduced. It has always been the practice to carefully look over all of the trim whether it originates from the manufacturing room process or whether it consists of such scrap or trim as has been discarded by the wrapping department due to the inability of the wrapping department to efficiently handle it. By the use of
(4020) the sheeting machine the amount of gum required to
5569 be made over amounts to less than one per cent. in weight of the raw material used, while by means of the old method the amount of gum to be remade varied from ten to thirty per cent. It is therefore evident that by reducing the amount of trim the amount of labor required for the removal of gum from the kettles, the amount of labor required for sheeting the gum and for trimming the gum was reduced in proportion to the amount of trim that is reduced as a consequence of the improved method. The point I have been describing is with reference to the remaking of the edges. To give an illustration of this fact, I will cite a hypothetical case. In using ten thousand pounds, for instance, of raw material by the old method it would have required from five
5570 to thirty per cent in addition to the ten thousand pound lot in putting it through the manufacturing department, but by the new method it would only require not to exceed one per cent in addition to the ten thousand pound lot, or ten thousand one hundred pounds—not in excess of ten thousand one hundred pounds, please put in there. In order to determine the saving effected by the use of what we term the sheeting machine, it is therefore necessary to know the cost per thousand pounds in producing gum as far as labor is concerned in the manufacturing department previous to the time that we received the benefits from the use of this machine and compare the same with the labor manufacturing cost per thousand pounds after we received the benefits from its use. The
5571 patents identified as Nos. 5 and 6 cover methods used for wrapping gum. Previous to the year 1911 several different types of wrapping machines had been tried out and used for the wrapping of gum. What was considered as the standard or most practical machine up

to that time for the wrapping of the package, was produced on a machine commonly known as a Redington.

(Mr. Lane offered in evidence the package just referred
(4021) to by the witness, being a package of Wrigley's Spear-
5571 mint. It was received in evidence and marked Wrigley Exhibit 64, Buck No. 9. The package identified as No. 9 has been wrapped as follows: Around each individual stick there is a piece of wax paper over which is folded what we term as a loose wrapper. Five such wrapped sticks are enclosed in a counterband or wrapper glued together in order to secure the five sticks. When the package is so wrapped, the end of the individual sticks are visible.

(4022) In other words, there is no wrapper complete en-
5572 veloping the five individual sticks. According to practice up to about 1911, the Redington type machine was the most practical machine on the market for wrapping this particular type of gum, which was evidenced by the fact that practically all chewing gum manufacturers with any considerable output who may have been using automatic wrapping machines used the Redington type.

In the Package Machinery Company's catalog bearing copyright date of 1919 they cite the names of practically every chewing gum manufacturer in the world as users of their machines and the type which they refer to is similar to the general design of the Redington machine which the Zeno Company was using up to about January 1, 1911. The inventor of the Redington machine, F. B. Redington, was formerly a superintendent of the Zeno Manufacturing Company and the original principles involved in his Redington patent were conceived of while in the employ of the Zeno Company. From the time we started to use the Redington type machines up to sometime in 1910 each time that we negotiated with the
5573 F. B. Redington Company, which company at that time manufactured and, as I understand, controlled the patents covering such machine, we endeavored and in the majority of instances succeeded in getting them to improve their Redington machines so as to be able to produce greater capacity. In the year 1910 we negotiated with them for a number of additional machines of their type, and as usual requested that they give us a guaranty that they would redesign their Redington so as to give us a greater capacity than had ever been guaranteed by them before.

(4023) At about the time in 1910 when these negotiations
5574 were going on with Redington, the greatest average production that a Redington machine would turn out in a nine hour day was from nine to eleven hundred boxes, and at that time we started negotiations with A. M. Price,
5575 chewing gum wrapping machine inventor, about this time who promised us to devise and invent a machine which would give us a minimum average output per nine hour day of thirteen hundred boxes, and if we would enter into a contract with him whereby we would purchase a certain number of machines of this new type from him, he would assign any patents covering the same to us for our exclusive use in the wrapping of chewing gum, and inasmuch as from our previous experience with this same inventor we found that he was a man of unusual inventive capacity, having already been successful in working out several of our previous problems, we entered into such a contract. And as a result of such a contract A. M. Price did devise, invent and build a wrapping machine which produced in a nine hour day at least thirteen hun-
5576 dred boxes, and inasmuch as said Price machine only required the same amount of labor to operate same as did each Redington machine, we immediately upon starting said type of Price machine or machines effected considerable labor savings. In 1910 we realized that in order to give gum a longer lasting quality that each stick should be better protected from the elements. This idea was worked out a few months thereafter which resulted in searching the field for the most approved type of machine for putting a self sealing wax paper around each package. We placed an order for a Condon self sealing machine and upon trying out the first machine we fol-
(4024) lowed with orders for several additional ones. I do not definitely know the name of the manufacturer from whom we purchased these machines at that time, but I do know that their plant was located in the Busch Terminal, New York City, and this company was afterwards either taken over by the Package Machinery Company or at least it sold its rights, if there were any, covering
5577 the wrapping of this particular type, and this machine similar to the one which we used and which I have referred to is illustrated in the Package Machinery Company catalog bearing copyright of 1919.

(Counsel for th Wrigley Company then offered in evidence a package of Doublemint gum in general respects

like Wrigley Exhibit 64, Buck No. 9, with the exception that there had been wrapped around each package a piece of self sealing wax paper which the witness stated hermetically sealed the package. Said package of Doublemint gum was received in evidence and marked Wrigley Exhibit 64, Buck No. 10.)

As to how long that will keep, that depends. It gives about twice the age.

Referring to Buck No. 10, the top of the outside wrap-
per consists of one piece of wax paper sealed so as to
5578 make one package of its contents. There were five sticks of gum contained in each of those packages wrapped by the Condon machine, and each of those five sticks were individually wrapped first with wax paper and then with a loose wrapper similar to the individual sticks that were wrapped by the Redington machine. There is
(4025) visible underneath the outside sealed waxed paper in Buck No. 10 a counterband. The only thing that the condon machine did was to automatically wrap the package similar to Buck Exhibit 9 with a piece of self sealing wax paper and seal it. In other words, there was fed to the Condon machine a package of five sticks of gum sim-
5579 ilar to Buck Exhibit 9 in every respect, and the only thing that the Condon machine did thereto was to enclose that package with the outside sealed wrapper.

While the manufacturers of the Condon type self sealer even in their catalog as late as 1919 claimed a capacity per machine per nine hour day of two thousand twenty-package boxes, yet under operation by the Wrigley Company we got up to a maximum production of 2,750, as I remember it.

By a box I mean a carton containing twenty packages of gum each of which packages contained five sticks of gum.

We commenced using the Condon machine either in 1911 or 1912, as I remember it. Inasmuch as the Condon
5580 machine produced a package which we did not consider sufficiently attractive in appearance to justify us in putting it on the market as it was, we then had to put each package, as it came from the Condon machine, through a machine known as a bander. After coming out of the bander the package in general appearance was like Wrigley Exhibit 64: Buck 11.

(Said Exhibit 64, Buck No. 11, being a package of Wrigley's Doublemint gum consisting of five sticks

wrapped separately with a piece of self sealing waxed paper around the five sticks and the counterband on
(4026) the outside of the package, was offered in evidence. It was received in evidence and marked Wrigley Exhibit 64: Buck No. 11.)

A package similar to that marked Buck No. 10 was fed to the banding machine by manual labor. All that the bander machine did was to put around a package like
5581 Buck No. 10 a counterband or outside label. When the package came out of the bander machine there were actually two counterbands on the package, the one being visible and having been put on the bander machine, and another one being underneath the outside sealed wax paper which was put on by the Condon machine.

The maximum average capacity of such a bander was, as I remember it, between thirteen and fourteen hundred boxes, twenty packages each, per nine hour day. It will thus be seen that in order to produce a package such as Buck No. 11 each package had to go through three wrapping machines, that is, the Redington, the Condon and the Bander.

Having fully made up our mind that we wanted to turn out all of our main brands of gum with a self sealing wax paper protection and being desirous of cutting down our costs as much as possible, it was naturally our ambition to devise or have devised for us a machine which
5582 would cut down our wrapping expense of producing the self sealed package. About the time we started to produce the self sealed package in quantities A. M. Price had already delivered his newly invented wrapping machine, the capacity of which had already shown possibilities of
(4027) far greater production than thirteen hundred twenty package boxes per day. The machine which I say had been delivered and had a capacity of more than 1300 boxes did not seal each package individually in each sealing wax paper.

That was in 1912 approximately. I have data from
5583 which I can refresh my recollection as to the day. I also have records showing the exact production of these machines.

Price already having shown his extreme ingenuity and inventive genius in having produced a machine which without a doubt was far more efficient than any machine that had ever been devised for turning out a package of

like size and style, and as a result of a contract which had been assigned to the Wrigley Company as a result of its purchase of patents, contracts, and so forth, from the
5584 Zeno Company as of about January 1st, 1911, which provided that the Wrigley Company would have exclusive rights in the manufacture of its product covering any improvements made on the machine as provided for in said contract, A. M. Price succeeded in devising or making additions or improvements to his machine in question which in one machine consolidated the operations formerly performed by means of the Redington, Condon and Bander machines. The use of such a machine effected large savings.

The machine that completed the three operations in one
5585 operation was delivered in 1913, and the first Price machine was delivered to us in 1911. I have not the starting date of the Condon machine here.

The first Price machine delivered to us did not turn out a package, the five sticks of which were enclosed in a
(4028) a sealed was wrapper. It did not turn out a package, the five sticks of which were entirely closed in any kind of paper which was sealed. The first Price machine pro-
5586 duced a package similar to Buck Exhibit No. 9. This latest Price machine which we began to use in 1913 accomplished everything that was done by the first Price machine and the Condon machine and the Bander machine combined, and even went further.

I will explain how the latest Price machine was an improvement. By producing the self sealed package by means of the Redington, Condon, Bander type it required two counterbands. By the use of the Price machine it only required one. The Price machine wrapped each individual stick in one paper and loose printed paper in a neater manner, it produced a self sealing package much more impervious to atmospheric conditions as well as neater and more uniform, and it also applied the counterband in a more attractive, uniform manner.

5587 Up to the end of the accounting period by means of the Price type machine referred to we reached an average machine production per day of nine hours of 1774 twenty-package boxes. The maximum average production of the Price type machine referred to as incorporating the three operations formerly performed by the Redington, Condon

and Bander reached an average production per day in 1918 of 1717 boxes per nine hour working day.

I have used initials for the purpose of identifying the various Price machines that I have referred to. We termed the machine producing the style of package identified as Buck 9 as "K" type. We termed the Price type machine producing a package similar but superior to the
(4029) one identified as Buck 11 as "K. L." type.

In answer to a prior question, I said there was an average of 1774 boxes produced during a certain period of time and by a certain machine. I referred to the "K"
5588 type Price machine and the period in question was 1918. The "K. L." type is the machine which I referred to as having given an average output of 1717 boxes, and the period in question was during the year 1918.

There was one additional type of Price machine which we termed and was known as the "K. L. M." type, which either produced a package like Wrigley Exhibit 64, Buck 12, or a style of package like Wrigley Exhibit 64, Buck 13.

(The said package so referred to as Wrigley Exhibit 64, Buck No. 12, being a package of Wrigley's Spearmint gum, was offered and received in evidence as Wrigley Exhibit 64, Buck No. 12.)

(The said package so referred to as Wrigley Exhibit 64, Buck No. 13, being a package of Wrigley's Peppermint gum, was offered and received in evidence as Wrigley Exhibit 64, Buck No. 13.)

With Buck 12 each individual stick is wrapped with one piece of wax paper and a loose wrapped paper around each individual stick while with Buck 12 and 13 each
5589 individual stick is wrapped either with a piece of wax paper and a single stick printed band, which band is glued, or, as in Buck No. 13, each stick wrapped with a piece of wax paper mounted foil and a single stick glued band.

(4030) November 22, 1922, 2 o'clock P. M.

5590 Buck Exhibits 12 and 13 do not cover the differences between the packages as wrapped by "K. L." and "K. L. M." It is a mistake to assume that to be the case. 12 and 13 represent the two types of packages which the
5591 "K. L. M." machine is capable of turning out. No. 12 shows a package of five sticks, each individual stick first

wrapped with wax paper, then enclosed in a single stick band which band is glued. Around the five sticks is a self sealing wax paper and around such self sealed wax paper is a printed counterband.

Buck Exhibit No. 13 shows a package of five sticks, each stick of which is wrapped in a wax paper mounter foil, then banded with a single stick band, which band is glued, and then around each of such five sticks is a counterband which is also glued.

Now, as far as the operation of the machine is concerned, each of these packages is approximately alike with the exception that with Exhibit No. 12 we have the five sticks enclosed in a hermetically sealed wax paper while with No. 13 such is not the same.

5592 I wish to add as a summary that the "K. L." and the "K. L. M." type machines each perform the same operations as could be accomplished by the use of the Redington machine, the Condon self sealing machine and the Bander, and therefore we have, in a sense, by the use of each of these two types of Price machines, "K. L." and "K. L. M." produced a quantity of gum with one operator and one helper per machine far in excess of the quantity of gum that the Redington, Condon and Bander machines (4031) could jointly produce, and that each of the three machines last mentioned in producing the quantity of gum formerly testified to would have required two employes each.

In using the expression "the same results," I did not mean to change any of my prior testimony, which was to 5593 the effect that the "K. L." and the "K. L. M." type Price machines not only produced the equivalent of what the Redington machine, the Condon sealer and the Bander could have accomplished, but turned out a package better in every respect than could have been produced by the other machine.

I would like to add that by the use of the Price machines, "K.L." and "K.L.M.", in addition to the actual labor saving effected, there were many other savings. The Redington machine even at its maximum capacity of slightly in excess of one thousand boxes per day takes up far more floor space than either of the Price type machines mentioned which machines at all times produced in excess of thirteen hundred boxes a day. The Price machine "K.L." accomplished the self sealing feature of

the package with only increasing the size of the machine by a matter of a few inches.

Increasing the "K" type machine a matter of a few
5594 inches while in self sealed packages produced by means of the Condon and Bander machines a floor space was required in excess of two times that taken up by the Redington machine. The Bander machine mentioned with a capacity of slightly over 1300 twenty-package boxes per day occupies a floor space similar to a regular Redington machine. Each of the three machines, Redington, Condon and Bander, consume far more power to
(4032) operate than does any of the Price type machines. There is far less waste in wrapping material in operating any of the Price type machines as compared, not only to the Redington, Condon and Bander types, but as compared to each machine on the market. The last item amounts to a considerable figure. Labor itself can be employed and kept satisfied more easily when working in a department where Price machines such as I have mentioned are operated as compared where the operation of the Redington, Condon and Banders are run, due to the fact that the last three and particularly the first of the three cause a great deal of noise. There is also less opportunity for the employes to become hurt in working on the Price type machines as compared with the others.

5595 It does not require as much maintenance expense to operate the Price type machines as compared with the Redington, Condon and Bander machines. I mean as the average maintenance expense taking the other three as a unit. As an illustration, a department having three Price machines would not require as much maintenance expense as a department having one Redington, one Condon and one Bander.

The output of one Price machine would be more than the output of the Redington, Condon and Bander combined. There is also a big advantage in operating Price machines from the capital invested standpoint, and along the same line by the use of Price machines we effect a large saving in machinery depreciation.

Since 1910 a Redington machine could not have been purchased for less than $1,650 each. After the Redington patents or rights were acquired by the Package
5596 Machinery Company the price for each Redington machine was materially increased over said figure. We pur-

chased Condon self sealers for $2,175. each. That is of
(4033) the kind that I have been describing. The Banders cost at least $500. each. Therefore, with a Price "K.L." or "K.L.M." machine costing $2,500., it would have cost, according to the figures just given, to have produced the same quantity of gum as per the average productions of the machines, Redington, Condon and Bander, in the way of investment, according to my hurried figures just made, $4,325. Such figures are based on the comparatively low production as produced from a Price machine in 1913. The comparison was much greater naturally after the production on the Price type machine increased.

(Mr. Mayer asked the witness: "Q. Did the Wrigley Company, the West Virginia company, the party to the suit here, during the entire accounting period, that is, from July 28, 1914, to November 12, 1918, use the same plant, machinery, premises and so forth for manufacturing all of its gum or did it have separate machinery
5597 and plant and equipment for manufacturing the different brands of gum, such as Spearmint or Doublemint or Juicy Fruit by way of illustration?" The witness answered:)

For the manufacture of Spearmint, Doublemint and Juicy Fruit we used the same kettles, the same sheeting machines and the same wrapping machines.

(Mr. Mayer then asked the witness: "Q. What can you say as to the amount of space and tools and machinery and equipment and plant, raw materials, supplies, supervision, patents and inventions required for
(4034) the manufacture of Doublemint gum during the accounting period as was used in connection with the Wrigley Company's manufacture of its other brands?" Mr. Aldrich objected on the ground of immateriality and ir-
5598 relevancy. The objection was overruled, the Master stating that Mr. Aldrich's objection would go to all questions put to the witness along the line he was then being examined on. The witness answered:)

Doublemint required the same proportion of the classifications as given in the question as is the proportion of Doublemint produced to the total gum produced.

Doublemint was manufactured in the same factory and in the same manner and with the same equipment and facilities as the other brands.

5599 All of these patents to which I have referred, both sheeting patents and wrapping machines, were in fact

used by the Wrigley Company in the manufacture of its Doublemint gum during the accounting period, in the enjoined dress.

In order to get the production of our Doublemint gum wrapped in the enjoined dress in connection with the other gum manufactured by the Wrigley Company during the accounting period, it was necessary for us to use these patented sheeting and wrapping devices that I have referred to. In order to get as low manufacturing costs as have been reported to the Master in the filed account and testified to by me, it was essential to use the patented sheeting and wrapping processes to which I have referred, and they were used. In order to get the savings, the cost of manufacturing the Doublemint gum accounted
(4035) for here by the Wrigley Company would not have
5600 been as low as it was if the Wrigley Company had not used the sheeting and wrapping devices that I have referred to.

Nobody except the West Virginia Wrigley Company had a right during the accounting period to use any of those sheeting devices or wrapping devices covered by any of the six patents and the application pending, in the manufacture of its gum. We had the exclusive right to use these for the manufacture of gum.

After the Canadian corporation was organized about January 1st, 1916, we gave them the right to use those patents in the manufacture of gum in Canada. With the exception of the Canadian and Austrialian companies, the West Virginia Wrigley Company had the exclusive right to use those patents to which I have referred in the manufacturing of gum during the accounting period.

5601 I have prepared a statement showing the precise amount that was saved by the use of these Price wrapping machine inventions and by the use of the sheeting machine inventions to which I have referred. The statement covers the period from January 1, 1911, to December 31, 1918.

The document I now have in my hand refers only to the saving effected by the use of the Price type machines. I have prepared a statement showing the savings that have been effected in the Chicago factory of the West Virginia Wrigley Company by the use of the Price wrapping machine inventions to which I have referred and
5602 also by the use of the sheeting machine inventions to which I have referred.

(4036) (Said statement was offered in evidence. Mr. Aldrich made the same objections that he had theretofore made to the witness's testimony and also objected on the ground that the testimony offered affected the question of manufacturing cost of the Wrigley Company which had already been accepted by him. The Master received the document in evidence subject to the objection.

5607 (Said table prepared by Mr. Buck headed "Recap of Savings. Chicago (only)", so offered, was received in evidence and marked Wrigley Exhibit 64: Buck No. 14.)

(4037) Said Wrigley Exhibit 64: Buck No. 14 is as fol-
5608 lows:

Wrigley Exhibit No. 44; Buck No. 14.

RECAP OF SAVINGS

CHICAGO (only)

		Col. #1	#2	#3	#4	#5
		Total Savings June, 1911 to 1918, incl.	1918 Savings Only.	No. of Yrs. from 1918 to expiration of Patents	Savings till expiration of Patents based on savings of 1918	Combined Savings (Col. #1 plus Col. #4)
1	Savings effected by use of Price Wrap. Machine Inventions.	$667,421.61	$211,814.41	14½	$3,071,308.95	$3,738,730.56
2	Savings effected by use of Sheeting Mach. Inventions.	272,198.00	74,348.66	9½	706,312.27	978,510.27
3	Savings effected in Interest by use of Price Wrapping Mach. Inventions at 7%	22,036.84				22,036.84
4	Savings effected in depreciation by use of Price Wrapping Mach. Inventions at 10%	31,481.21				31,481.21
	Total Savings	$993,137.66			$3,777,621.22	$4,770,758.88

(4038) I will explain how that Buck Exhibit 14 was made
5609 up. On line 1, which is marked "Savings effected by use of Price Wrapping Machine Inventions," I figure that by comparing the actual cost of producing gum by means of the Price wrapping machine inventions, Buck Exhibits 5 and 6, as compared to producing the same quantity of gum of like wrapipng style by methods other than through the benefit accruing from the use of the Price machines, that is, the old methods, that between June, 1911, and the end of 1918 we have actually saved $667,421.61. I am comparing now the savings by the use of these Price inventions as compared with the cost of using the old Redington machines or the best machines that were known before the Price inventions.

We find by actual records that for the same reason as just previously mentioned we effected a saving in 1918 alone of $211,814.41 inasmuch as from the end of 1918 to the expiration of our Price machine patents we had the privilege of using them for fourteen and one-half
5610 years. In addition I have given a figure as shown in column 4 showing "Savings till expiration of patents based on saving of 1918" which total amounts to $3,071,308.95. Adding the last named saving to the saving actually effected between June, 1911, and December 31, 1918, gives a combined saving as shown in column 5 of $3,738,730.56.

Under line 2, which reads "Savings effected by use of Sheeting Machine Inventions," there is shown under column 1 a saving of $272,198. This figure has been arrived at by comparing the average labor cost of producing in our manufacturing department for the yearly period just preceding the time when we started to benefit by the use of the patents identified as Buck 1, 2, 3, and 4 as com-
(4039) pared to the manufacturing department labor costs for each year or period, June, 1911, to December 31, 1918, taking into account such change in labor rate conditions as existed during each year from 1911 to 1918 inclusive. I find that for the period, July 1, 1907, to June 30, 1908, that it cost $2.26 for labor for each 576 pounds of gum produced during that year. Reducing or changing this figure to a thousand pound basis gives a figure of $3.92 for each thousand pounds produced in the manufacturing room during the period in question. By
5611 "$3.92" I mean the cost of labor. By the period in question, I mean from July, 1907, to July, 1908.

I find that the Wrigley Company made an actual saving in the cost of labor in its manufacturing room as a result of the benefits accruing from the use of Buck Exhibits 1 to 4 inclusive during the year 1918 of $74,348.66. That is on the basis named by me.

From the end of 1918 we had the exclusive right to the use of these patents for a period of nine and one-half years. Therefore, on this basis, and assuming that the benefits accruing would never be less, the saving for the nine and one-half years is shown under column 4, namely, $706,312.27. Adding this figure to the saving effected between June, 1911, and December, 1918, we have a figure as shown in column 5, line 2, of $978,510.27.

I will explain the other two lines now. Under line 3 we have a heading "Savings effected in Interest by use of Price Wrapipng Machine Inventions at 7%." As a consequence of such saving we have made between June,
5612 1911 and December 31, 1918, $22,036.84.

(4040) Under line 4 reading "Savings effected in Depreciation by use of Price Wrapping Machine Inventions at 10%" we find a saving for the period June, 1911, to December 31, 1918, inclusive, of $31,481.21. By the addition of the four classifications as shown in lines 1 to 4, inclusive, for the period June, 1911, to December 31, 1918, inclusive, we find a total saving of $993,137.66. The total of the savings which we would effect up to the expiration of our patent rights, taking the savings of 1918 as a basis, gives a saving for such period of $3,777,621.22. Adding the actual saving as effected for the period June, 1911, to December 31, 1918, of $993,137.66 to the savings after the year 1918 of $3,777,621.22, we have a combined saving of $4,770,758.88. That saving has reference entirely to the factory at Chicago and to no other place.

In line 4 where my statement shows a saving of $31,-481.21 in depreciation, I mean by that that if we had not used the Price wrapping machines, but had been compelled to use the best machines then on the market, the Redington, that our investment would have been so much
5613 more and that depreciating it at ten per cent a year from June, 1911, to 1918, inclusive, would have given me the amount named, viz, $31,481.21. I used 10 per cent as an annual depreciation charge. In my opinion, that is a fair, usual and reasonable per cent to deduct for depreciation on factory equipment of the kind I am

speaking of. In my opinion, ten per cent a year is a reasonable, annual depreciation for machinery of that kind used in the gum making business, because a machine of that type mentioned will not last over ten years.

Referring to line 3 on Buck Exhibit 14, which shows
(4041 $22,036.84 savings effected in interest by using the Price wrapping machine inventions at 7%, I mean by that that if we had not used the Price wrapping machine inventions referred to, we would have had to have other machinery which would have required a larger investment than that in the Price machines and that the inter-
5614 est on that excess investment at 7 per cent, would equal the amount named, viz., $22,036.84.

I arrived at the results in Buck 14 "Savings effected by use of Sheeting Machine Inventions" by taking the cost of producing a thousand pounds of gum without the use of these patented sheeting machine inventions and comparing the cost of a thousand pounds of gum made by using these patented inventions, and using the difference as a basis. In my basis of comparison in arriving at line 2 of Exhibit 14, I did not use the labor cost of production in 1917 and 1918, that is, from July, 1917 to July, 1918. I took the labor cost per thousand pounds of producing gum from July 1, 1907, to July 1, 1908.

The cost of labor in the gum making business has not been lower at any time since 1907 and 1908 than it was in those years.

5615 The Wm. Wrigley Jr. Company effected savings by means of these Price wrapping machine inventions and these sheeting machine inventions in their other factories as well as in Chicago. The basis of the savings in those other factories was the same generally speaking as I have stated with respect to Chicago. I am preparing statements to offer in evidence here similar in a general way to Buck 14 showing the savings in the Brooklyn factory of the Wm. Wrigley Jr. Company and also in the Canadian factory of the Wm. Wrigley Jr. Company,
(4042) the West Virginia Company, up to the time when the Canadian company was organized. I have no available data covering the period from the time the Canadian company was organized up to the end of 1918. I will
5616 endeavor to get such data. I think I can have the entire report for Brooklyn to the end of 1918 within a few days and a similar report covering the Canadian plant up

to the end of 1915. As far as the data covering the Canadian plant from the time of its incorporation as a Canadian company I would not care to make any estimate as to when I can have it ready.

Referring to Buck 14, column 3, line 1, I will state why I used 14-1/2 years as the number of years indicating the unexpired portion of the patents referred to in line 1. The Price patent No. 1,185,822, identified as Wrigley Exhibit 64: Buck 5, was issued June 6, 1916. On the basis of this date we arrived at the figure of 14½ years. I took June 6, 1916, as the date, although on September 1, 1914, patent 1,109,461 was issued to Price, for the reason that patent 1,185,822 was absolutely es-
5617 sential in utilizing patent No. 1,109,461.

The West Virginia Wrigley Company began to use the invention covered by 1,185,822 in 1911, although it was issued June 6, 1916, and the application was in 1913. The second patent relates to sealing and the earlier related to the wrapipng of the individual sticks.

I have prepared data to show how I arrived at line 1 on Buck Exhibit 14.

(The witness produced a tabulation which was offered in evidence. Mr. Aldrich objected, and the Master stated
(4043) that the objection theretofore made would go to all such tabulations. The said tabulation so offered was then received in evidence and marked Wrigley Exhibit 64: Buck No. 15.)

5618 Wrigley Exhibit 64: Buck No. 15, is as follows:

CHICAGO

"SAVINGS BY OPERATING PRICE TYPE WRAPPING MACHINES INSTEAD OF REDINGTON, CONDON. BANDER METHOD."

Source of Information	General No. 1.	Machine days multiplied by number of girls required per machine. (see Gen. #8 + Gen. #9 + Gen. #10 + Gen. #7.)	Column 1 divided by Column 2.	Two times Column 3	General No. 9		Column 4 divided by Column 5.	See 10-D		Column 4 divided by Column 7.	See 10-C		Column 4 divided by Column 9.	Sum of Columns 6, 8 and 10	General #7.	Column 4 divided by Column 12.	General #8	Column # 4 divided by Column 14.
	1.	2.	3.	4.	5.		6.	7.		8.	9.		10.	11.	12.	13.	14.	15.
Year	Total Wrapping Payroll	Total Girl Days	Cost Per Girl Day	Cost Per Machine Day	Red. Avg. Prod. Per Day *Max. Obtained in Last Quarter of 1912—(1060)*		Cost Per Box on Redington	Condon Sealer Prod. per day *Max. Obtained in 2nd Quarter 1913—(2675)*		Cost Per Box of Condon Sealer	Bander Prod. Per Day *Max. Obtained in Last Quarter 1912—(1399)*		Cost Per Box of Bander	Total Cost per Box of Red.-Condon Bander Comb.	KL & KLM SS Production Per Day	Cost Per Box of KL & KLM SS	K. Production Per Day	Cost Per Box of K.
1911 (June to Dec. incl.)	$ 25,337.76	10,701.5	2.36768	4.73536	1011	*1011*	.004684										1301	.003640
1912	43,550.53	19,136.5	2.27578	4.55156	1049	*1049*	.004339										1551	.002935
1913	53,613.14	22,860.5	2.34523	4.69046	1060	*986*	.004425	2675	*2520*	.001753	1399	*1305*	.003353	.009531	1502	.003123	1559	.003009
1914	48,846.41	16,854.5	2.89812	5.79624	1060	*881*	.005468	2675	*2375*	.002167	1399	*1267*	.004143	.011778	1556	.003725	1503	.003856
1915	47,815.75	18,729.5	2.55302	5.10604	1060	*636*	.004817	2675		.001909	1399	*1152*	.003650	.010376	1666	.003065	1442	.003541
1916	74,018.15	27,526.	2.68903	5.37806	1060	*825*	.005074	2675		.002010	1399	*1022*	.003844	.010928	1568	.003430	1499	.003588
1917	94,882.43	31,526.	3.00966	6.01932	1060	*724*	.005678	2675		.002250	1399	*980*	.004303	.012231	1512	.003981	1590	.003786
1918	122,132.64	29,088.	4.19873	8.39746	1060	*675*	.007922	2675		.003139	1399	*1029*	.006002	.017063	1717	.004891	1774	.004734

CHICAGO

K — Price Type loose wrap (No.Self Seal.)
KL " " " " (Self Sealing Pkg.)
KLM " " Single Stick (with or without self seal)

Column 15.	Column 6 minus Column 15.	General #7	General #8	Column 16 times Column 18.	Column 17 times Column 19.	Addition of Columns 20 and 21.	
.	17.	18.	19.	20.	21.	22.	
ng 3x. KLM ver Con. ler	Saving Per Box K over Red.	Boxes Produced on KL & KLM SS	Boxes Produced on K.	Total Saving on KL & KLM SS	Total Saving on K	Grand Total of Savings on All Price Machines	Year
o ac	.001044	None	127,517		133.13	133.13	1911 (June to Dec. incl.)
	.001404	None	3,011,903		4228.71	4228.71	1912
408	.001416	2,170,032	4,559,696	13,905.56	6456.53	20362.09	1913
053	.001612	10,319,079.5	211,986.5	83,099.54	341.72	83441.26	1914
311	.001276	12,496,631	144,878.	91,362.87	184.86	91547.73	1915
498	.001486	14,896,887	2,030,460.	111,696.84	3017.26	114714.10	1916
250	.001892	15,651,635	6,371,076	129,126.11	12054.07	141180.18	1917
172	.003188	15,478,649.5	7,342,654	188,406.03	23408.38	211814.41	1918

TOTAL SAVINGS - -$667421.61

(4045) November 23, 1922, 10:30 A. M.

5619 I was yesterday asked to ascertain dates as to when we first began to use certain of these patented machines and when we first began to do certain things. I have looked up those dates. The first date we operated a Price "K" type at Chicago was June 26, 1911. The first date we operated a Price "K.L." type machine was
5620 December 18, 1912. The first Condon sealer purchased was under date of April 9, 1912.

We first began to use the "KLM" type wrapping machine on January 20, 1916. The first Price machine is the one that is described or designated as the "K" type wrapping machine. When we first began to use that in June, 1911, it still was more or less experimental for the first few weeks or a month or two. We paid $3,000. for the first sealer. The next Condon sealer that we purchased was on June 27, 1912. We first produced the
5621 self sealed gum packages in Chicago on September 16, 1912. That is the one with the wax paper around the package inside the outer band. Sample has been offered in evidence as Buck No. 10.

We first produced self sealed gum made by wrapipng machines in New York on April 22, 1912. I have here a sample of the package that was turned out by the use of the Price "KL" wrapping machine.

5622 (Said package was offered and received in evidence and marked Wrigley's Exhibit 64: Buck No. 16.)

Buck No. 13 and Buck No. 12 are samples of a package that was turned out by use of the Price wrapping machine known as the "KLM" type. I would like to add
(4046) in submitting these samples I have merely kept in mind the type of wrapping which I desired to illustrate and I have not paid any attention to the printing on the wrappers or counterbands as in any way duplicating those used at the time that the packages of similar types were wrapped. Except for that, the style of the package was just the same.

5623 I will explain how Buck 15 was prepared. No. 15 shows in detail by years the savings effected by the use of the Price type patents herein referred to as compared with operating or wrapping gum by the Redington method or where we used a self sealing wax paper, as compared to the cost of producing or wrapping gum by

the Redington-Condon-Bander method. Inasmuch as in June, 1911, was the period when we first received the benefit from the "K" type Price machines, we have started the record with said date. Column 1 headed "Total Wrapping Payroll" shows said payroll at Chicago from the starting date of operating the first "K" Price type machine to the end of that year as 25,337.76.

5624 In order to find out the average labor cost for operating each machine during said period, we went through our wrapping records and found out how many machine days were used during that period. Having acquired said figure, we then determined how many girl days were required during said period, and that is shown in line 2 under column headed "Total Girl Days" which figure was found to be 10,701.5. The number of machine days is not reported upon this tabulation, but it is shown on the general notes or working sheets.

It is correct to assume that column 1 of Buck 15 shows the actual amounts that were actually paid out for labor devoted to wrapping gum during the several periods of

(4047) time shown in the left-hand column headed "Year," with the exception that it does not represent any labor expenditure except that used in wrapping gum by machanery and in connection exclusively with the wrapping machines.

There appears in column 1 of Buck 15 above the figure

5625 "1" the words "General #1." That merely is a reference showing where the detail data can be found on the working sheet and that same situation holds good with reference to all the notes parallel to that same heading "General #1." In other words, the words in column 5 "General 9" refer merely to some working sheets.

I will proceed with my explanation of Buck 15. Inasmuch as we spent in wrapping labor $25,337.76 and there were involved in that expenditure 10,701.5 girl days, by dividing column 1 by column 2 we get the figure as recorded in column 3 which represents, as per heading, the "cost per girl day." The figures in column 3 refer to dollars, so that the first item under column 3 referring to 1911 means $2,36768. We get the information contained in column 2 headed "Total girl days" by taking the machine days multiplied by number of girls required per machine.

We have a record showing accurately the number of

5626 girls required per machine during the accounting period and beginning with 1911. There is one explanation or correction I would like to make to one of my former statements with reference to the notations parallel with the heading "General #1." In addition to the references as formerly mentioned there are also in the headings parallel to "General #1" explanations as to how we arrived at certain results. Those explanations are supposed to be self explanatory.

(4048) Referring to column 2 in Buck 15, the machine days used to get the information shown in column 2 were accurately ascertained. After knowing the labor cost per girl day to be $2.367.68 we then determined the cost per machine day of operating a machine requiring two girls by multiplying the figure in column 3 by 2 which gave us a cost per machine day of $4.73536.

5627 The figures under column 4 of Buck 15, that is, "Cost per machine day," refer to dollars. The 1911 cost per machine day was $4.73536. By "machine day" I mean a wrapping machine operated for a normal day period of nine hours. By "girl days" as used in columns 2 and 3 of Buck 15, I mean the average cost per girl per nine hour day covering the period in question.

Column 5 shows the average Redington production per
5628 day of 1011 boxes per machine. The abbreviation in column 5 "Red." stands for Redington. All those averages of production per day shown on column 5 are the actual average productions per day of the Redington machine for the periods stated in Buck 15. Knowing that it requires two girls per machine to operate a Redington and already having determined the labor cost per day of operating a Redington machine as shown under column 4 and by also having determined under column 5 the average production per day on a Redington machine, we can determine by the use of these figures the actual cost per box wrapped on a Redington machine. This is shown under column 6 or for 1911 as $.004684.

The dollar sign should appear in front of column 6 before all of the figures shown for the different periods indicated in Buck 15. All the figures shown in column 1 of Buck 15 are dollars. That is, the dollar sign should
(4049) appear before all the figures in column 1. The num-
5629 ber of dollars shown in that column 1 represent the actual cost paid out in wrapping by wrapping machines the gum during the years indicated.

Column 1 refers to the actual disbursements in connection with whatever wrapping machines happened to have been used during the period of time shown. As to whether the same thing is true as to the number of girls employed and the cost per girl per day and the cost per machine day, I will say the figures as recorded are accurate and true, but the girl days does not necessarily represent the total number of girls as appearing on our pay roll used in our wrapping departments during the period.

I have already explained that column 2 is the average cost per girl per day of nine hours and the total of it.
5630 The first four columns on Exhibit 15 refer not only to the Redington machines, but they refer to such wrapping machines as were actually used by us during the various periods of time shown on Buck 15.

We next refer to column 14 which shows the average "K" production per day. By the heading "K" production per day" we mean the average wrapped by the Price type machine which we have been designating as "K." Now, having found out the average production per day in boxes on a K machine (column 14), and by knowing the cost per machine day (column 4), we get the figure as recorded under column 15 which is the actual labor cost per box of gum produced on a K type machine. The saving effected therefore between operating a Redington type machine cost per box shown under column 6 as compared to the average labor cost per box during said period in producing gum on a K type
(4050) machine (column 15) is found by taking the difference between the Redington cost and the K type cost which gives the figure as recorded under column 17 as a saving per box K over Redington of $.001044. That is, I substract column 15 from column 6, to show this saving
5631 reflected in column 17.

Column 15 in Buck 15 which reads "Cost per box of K" was intended to show the average labor cost per box of K, and when I refer to a box, I mean twenty packages of gum, each consisting of five sticks.

Having found out the saving per box in producing gum with a K type Price machine as compared to producing the same gum on a Redington machine, then by knowing the total gum produced on the K type Price machines, which is recorded in column 19 as 127,517 boxes,

we multiply said 127,517 by the average saving per box, $.001044 (column 17) which gives a total saving by operating Price machines for the period in question of $133.13.

Column 21 indicates dollars throughout.

Doing to the figures as shown for the year 1912, the
5632 same and principles have been used for arriving at the figures covering said year.

Referring to Buck 15, I will now confine my remarks to the figures as shown under the year 1913. Columns 1, 2, 3 and 4 were made up the same general way as the corresponding columns for the years 1911 and 1912. In column 5 there is recorded in red ink a production of 986 boxes as an average production per day on a Redington machine. I am now confining my explanation to the year 1913.

Inasmuch as during a quarter period—by that I mean
(4051) a three months period in 1913—we obtained an average Redington box production per day of 1060 boxes, and being desirous of being even more than liberal or fair to the opposite side in giving them the benefit of the greatest average production we ever obtained, we have disregarded the actual average of 986 and have substituted therefor an average production of 1060, which
5633 is the highest we ever obtained on the average.

Referring to the red ink notation at the top of column 5, "Max. obtained in last quarter of 1912 (1060)", I would like to have substituted the period of time as formerly referred to in which we obtained an average of 1060 boxes to the period "last quarter of 1912" instead of "a quarter in 1913. When I say in that red ink notation in column 5 that 1060 was the maximum obtained in the last quarter of 1912, I mean that that was the maximum daily average production during that last quarter of 1912. We did not obtain an average daily production in the year 1913 of 1060. We obtained the average as shown in the red ink figures for said period of 986 boxes per day per machine.

If we operated the Redington machines, we kept a
5634 record of the average daily production in 1911, 1912, 1913, 1914, 1915, 1916, 1917 and 1918. The red ink figures that are found in column 5 of Buck 15 represent the actual average production per day on such Redington machines as we operated during that period. By way of illustration, I mean that in 1911 the actual daily

Redington production was 1011 boxes, in 1914 881 boxes, and in 1918 675 boxes. In 1911 and 1912 we used the actual Redington daily productions in the calculations shown in Buck 15. In 1913 to 1918, both inclusive, we
(4052) used 1060 as the Redington average daily production. As a matter of fact the actual average daily production on the Redington machine is shown in red ink in column 5 opposite the years named, and is very much less than 1060 boxes a day.

5635 So that in making my calculations as shown in Buck 15 with respect to the Redington machine the number of boxes produced from the use thereof per day, I took throughout the years 1913 to 1918, both inclusive, as a daily average production the highest quantity ever at any time turned out by the use of that machine per day on an average.

I will proceed with my explanation of how Buck 15 has been made up. The figure as recorded under column 6 for the year 1913 has been arrived at in the same manner as the corresponding figures for the years 1911 and 1912. Under column 7 headed "Condon sealer production per day" and in red ink "Max. obtained in 2nd quarter of 1913 (2675)" we have recorded under 1913 figures of 2675 in black, which represents a figure which
5636 we have used in arriving at the cost of operating a Condon machine. It will be noted that there is also a red ink entry to the right of the black figure "2675", column 7, for the year 1913 of 2520. This figure of 2520 represents the actual average production per day as produced by a Condon machine during the year 1913, but inasmuch as during the second quarter of 1913 we obtained an average production per day on a Condon machine of 2675, we have used the latter figure as the figure on which we have based our calculations.

The red ink figures in column 7 opposite the year 1914 refer to the actual average production per day obtained
(4053) on Condon machines operated at Chicago during the year 1914.

We did not wrap on Condon machines in 1915, 1916, 1917 and 1918. The highest daily average maximum production of the Condon sealer machine was 2675, and that maximum was reached in the second quarter of 1913.

5637 I have used that highest daily average throughout the period covered by Buck 15. By so doing, I have advan-

taged Larson and disadvantaged the Wrigley Company, inasmuch as the average daily production was less than the number that I used.

By knowing the average cost per machine day in 1913 as recorded under column 4 which shows $4.69046, and knowing the average production per day, column 7, by dividing column 4 by column 7 we get the average cost per box of labor in wrapping gum on the Condon machine, said cost during said period 1913 was $.001[illegible]3.

Column 8 refers entirely to the average cost of labor in wrapping a box of gum wrapped on the Condon machine, but that column was not intended to show any other cost. Inasmuch as all gum as turned out by us which had been self sealed by the Condon machine had to next go through a machine termed a Bander, we determined the average production per day through or as wrapped or banded by the banding machines, and the number which we have used is recorded under column 9
5638 as 1399 boxes, but in this instance this figure is in excess of our actual average production per day during the period in question, but even though our average production per day through our Banders was only 1305 boxes per day in 1913, yet, inasmuch as during the last quarter of 1912 we obtained an average wrapping pro-
(4054) duction per day of 1399 boxes, we have used said figure "1399" for the year 1913 as well as for the succeeding years as shown on the chart.

Referring to column 9 of Buck 15, the red figures which are found opposite the years 1913 to 1918, both inclusive, represent the actual average box production per day of the banders operated. So that I gave the Larson Company credit by using as an average daily production on the Bander machine an amount in excess of the actual average daily production resulting from the use of the Bander machine.

Knowing the labor cost per machine day for 1913 as recorded under column 4, which shows $4.69046, and
5639 knowing the average production per day, we obtained the average labor cost per box by dividing 4.69046 by 1399 (column 9) which gives the figure as recorded under column 10 headed "Cost per box of Bander as $.003353.

In arriving at the figure as shown in column 11 we have added the average labor cost per box of producing gum on a Redington wrapping machine, as shown in col-

umn 6, $.004425, plus the figure shown under column 8, $.001753, plus the figure shown under column 10, $.003353, which gives $.009531. This figure is the average labor cost of wrapping the self sealed package identified as Wrigley Exhibit 64; Buck 11. That is, using the three operations and combining the figures resulting.

5640 In column 12 is shown the KL and the KLM SS production per day which is meant to mean the average daily box production per day of such gum as was turned out or wrapped on Price type machines known as KL and KLM, and while the head note "SS" is meant to mean
(4055) single stick, yet that part of the headnote only refers to the figures as recorded as was produced of the SS type of wrapping. In other words, the figures under column 12 show the average production per day of all gum turned out of a style of package as identified by Wrigley Exhibit 64; Buck 12 and Buck 16. That is, the figures in column 12 refer to boxes of twenty packages.

5641 The figures under column 13 are arrived at using the same general principle and logic as has heretofore been explained to find out the average labor cost of wrapping gum, and under column 13 headed "Cost per box of KL & KLM SS" we find in 1913 the average labor cost per box to be $.003123. The figures in the columns 14 and 15 were arrived at in the same manner as the corresponding figures for the year 1911 and 1912. That is by knowing the average labor cost of wrapping gum by the Redington-Condon-Bander method as recorded under column 11, $.009531 per box, and as shown under colmun 13, knowing the average laor cost per box of wrapping gum by the use of the Price KL and KLM machines to be $.003123 in 1913, we arrive at the average labor saving per box by wrapping gum by the Price type self sealing method, as is shown in column 16, as $.006408 per box.

5642 The letters "SS" in the caption of column 16 refer to self sealing. "SS" also appears as part of the caption in column 13 and elsewhere such as in columns 18 and 20. It means self sealing as used there.

The figures in column 17 under the year 1913 are arrived at in the same manner by applying the same principles and logic as those recorded under the corresponding columns for the years 1911 and 1912.

(4056) Under column 18 is shown the total production of gum wrapped in the KL and KLM machines of the self

sealing type. Said production amounted to 2,170,032 boxes.

I testified that we first produced self sealed gum packages in New York in April, 1912, and in Chicago in September, 1912. Column 18 indicates that there were no
5643 boxes produced on the KL and KLM machines in 1911 and 1912. I will explain the situation in that regard:

I have already testified that the first KL type wrapping machine was operated December 18, 1912. The reason why no production is recorded under column 18 for the year 1912 is that the Wrigley Company in the regular routine of its business wound up their production records a few days previous to the close of the year. Said date did not always remain the same, it depended upon when the last day fell in a week, and it therefore looks to me that even though we did produce a small amount of gum on the KL machine in 1912 that it was either for the reason as given or that it was being used in a strictly experimental way and the output was not considered as affecting this table of computations. In either event, the effect of excluding any boxes produced on the KL and the KLM Price machines in 1912 is to the advantage of the Larson Company.

(4057) November 23, 1922, 2:00 P. M.

5644 The figures under columns 19 and 21 are arrived at in the same manner as the corresponding figures in the same column for the years 1911 and 1912.

In order to arrive at the figure under column 20 for the year 1913 which is shown as $13,905.56, we multiply the saving per box as shown in column 16 as $.006408 by the total production as shown in column 18, 2,170,032, which gives the figure $13,805.56.

Column 22 is the total savings as shown under column 20, $13,905.56, plus the saving as shown under column 21, $6,4456.53, or $20,362.09.

For the years 1914 and 1915 all of the figures as shown are arrived at from applying the same principles and
5645 logic as the figures for the preceding years. For the year 1916, which figure is shown under columns 1 to 11 inclusive, which are arrived at in the same manner as the corresponding columns of previous years, but column 12, inasmuch as the KLM type machine was first operated January 20, 1916, it will be noted that in the heading which reads "KL and KLM SS production per day" that we have only considered in getting at the figure

as shown under column 12, 1,568, the average production of the gum turned out by the KL and the KLM type Price machines which was produced of the self sealing type.

In order to have simplified this chart we have in several instances made headings which are in a sense of a consolidated or brief nature with the understandings that they would apply provided any of the gum of the type as mentioned had been produced under that type
(4058) up to the time as recorded. I will explain what I mean by my last sentence. Inasmuch as under column 12 we have a heading "KL & KLM SS Production Per day" it might be implied that the figure recorded as 1502 for the year 1913 might refer to an average production of
5646 the KLM machine, but inasmuch as I have already testified that the first KLM machine was put into operation January 20, 1916, I do not wish to imply that we actually were using a KLM machine previous to January 20, 1916, even though column 12 is so headed and might be otherwise misconstrued without this explanation. I did not include in column 12 or in any part of Buck 15 any profits or supposed profits based upon a supposition that the KLM machine was used before it was in fact used. The same thing is true with respect to the KLM machine.

The remainder of the figures as recorded under the year 1916, namely, columns 13 to 22 inclusive, were arrived at using the same principles and logic for the corresponding columns of the previous years.

It will be noted that under column 22 that the total
5647 saving effected amounts to $114,714.10 in 1916. The figures shown for the years 1917 and 1918 were arrived at by using the same principles and logic as the corresponding columns of the previous years. The total savings shown on said Exhibit Buck 15 are $667,421.61, which is the item shown in Col. 1, line 1 of Buck 14.

I have data showing how I arrived at the figures on line 2 of Wrigley Exhibit 64: Buck 14, which shows savings effected by the use of sheeting machine inventions.

(The witness then produced a document containing
(4059) the data to which he referred. It was a tabulation en-
5648 titled "Chicago Sheeting Machine Savings". Said tabulation was offered in evidence. It was received in evidence over the objection of Mr. Aldrich and marked Wrigley Exhibit 64: Buck No. 17.)

5649 Said Wrigley Exhibit 64: Buck No. 17, is as follows:

WRIGLEY EXHIBIT 64: BUCK 17

CHICAGO

Sheeting Machine Savings

Source of Information	Chicago's Record of Sheeting Machine Savings See S.M. 1—8 inclusive	Divide Average Salary (Col. #1 of Each Year by Avg. Salary of 1911 and multiply by 100.	Divide Total Payroll (SM14) by Col. #6	1911 Cost per M Multiplied by Column #2.	Column 4 minus Column 3.	From Batch Records (S.M.14)	Column 5 Multiplied by Column 6.
	1.	2.	3.	4.	5.	6.	7.
Year	Avg. Weekly Salary Per Person in Mfg. Dept.	%of Avg. Weekly Salary to 1911 Avg. Wkly Salary	Cost per M# with Sheeting Machine	Cost per M # Without Sheeting Machine	Saving per M #	Lbs. Manufactured	Total Savings
1911	$13.07	100%	$1.74	$3.92*	$2.18	8,329,860	$18,159.09
1912	13.975	106.92	1.62	4.19	2.57	8,801,450	22,619.73
1913	15.64	119.66	1.65	4.69	3.04	10,465,700	31,815.73
1914	14.48	110.79	2.04	4.34	2.30	9,468,608	21,777.80
1915	14.35	109.79	1.92	4.30	2.38	10,573,000	25,163.74
1916	13.58	103.90	2.17	4.07	1.90	14,504,000	27,557.60
1917	17.27	132.13	2.33	5.18	2.85	17,809,000	50,755.65
1918	21.92	167.71	2.75	6.57	3.82	19,463,000	74,348.66
TOTAL SAVINGS							$272,198.00

*See S. M. #15.

(4060) Buck 17 represents the saving effected by the use
5650 of chewing gum sheeting machines as compared to what the cost would have been had such machines not been available for our use.

I am referring to the sheeting machines with respect to which I have already referred to certain patents.

We have a record of the labor cost per thousand pounds of producing chewing gum in the manufacturing department of the Zeno Manufacturing Company for a year period preceding the time when the sheeting machine in question was put in operation. As has already been explained, the labor cost per thousand boxes of producing gum during that time was $3.92 per thousand pounds. That covered the period from July 1, 1907, to the end of June, 1908. The only item included in the $3.92 or in what I call the labor cost is exclusively labor
5651 used in the manufacturing department in manufacturing gum. By manufacturing department I wish to be understood as meaning the department where the gum is mixed, sheeting out, recorded on trays, or, in other words, brought up to a point where it is ready to be wrapped.

By "recorded on trays" I mean deposited on trays.

Buck Exhibit No. 17 does not cover the savings effected by the use of sheeting machines from the time such sheeting machines were put in operation up to the end of 1918, but only covers the period from January 1, 1911, to December 31, 1918, because it was not until 1911 that this Wm. Wrigley Jr. Company, the West Virginia Company, which is a party here, was organized. The labor rate or salary per person per day or week was lower during the period 1907-1908 when the cost of $3.92
(4061) per thousand pounds was determined than was the
5652 labor rate or scale during the year 1911, or any time since. Yet in making up Buck 17 it has been assumed that the labor rate for 1911 was the same as it was from July 1, 1907, to the end of June, 1908, therefore we have considered the cost of $3.92 per thousand pounds as 100% as per the figure as recorded under column 2 for 1911 which reads as a heading, immediately below the figure 2, "% of Avge. Weekly Salary to 1911 Avg. Wkly. Salary".

In 1911 we find that the average weekly salary per person used in the manufacturing department of the Wm.

Wrigley Jr. Company was $13.07 which figure is recorded under column 1, Buck 17. During the year 1911, which was a year when we were receiving the full benefit from the use of our patented sheeting machines, our actual labor cost per thousand pounds was $1.74 which figure will be noted under column 3. Inasmuch as the cost would have been at least as much as it was from
5653 July 1, 1907, to the end of June, 1908, for the year 1911, had we not been using the sheeting machines, we show under column 4 the cost for 1911 had we not used said sheeting machines as the same cost as we found the labor cost to be in the year 1907-1908 as previously referred to. Our saving per thousand pounds is therefore figured by taking the difference between the figure as shown in column 4 to the figure as shown in column 3 which amounts to a saving per thousand pounds produced of $2.18.

In column 6 we have recorded the actual pounds of gum produced which shows 8,329,860 pounds, in 1911. Therefore, if we saved $2.18 per thousand pounds, we saved a total saving during the year 1911 of $18,159.09.

(4062) In 1912 we find the average weekly salary per person in the manufacturing department to be 13.975, and on the basis that if we had then been operating our manufacturing department without the use of the sheeting machine, the cost of $3.92 per thousand pounds would have been increased to the extent of the advance in labor as shown between the average weekly salary of 1911 of $13.07 and that of 1912 of $13.975; we find that the percentage increase in the average weekly salary amounted
5654 to 6.92 or to an actual of 106.92%. I mean by the sheeting machines those covered by the patents to which I have referred. That is Wrigley Exhibit 64: Buck 1 to 4 inclusive.

To find out what the cost would have been in 1912 without the benefit of the sheeting machine when the labor scale was 106.92% as compared to what it was in 1911 we increase the cost per thousand pounds as recorded under the year 1911, column 4, of $3.92, by 6.92 which gives the figure of $4.19 as shown in column 4 for 1912. We find our actual labor cost in our manufacturing room per thousand pounds, turned out in 1912, as $1.62 which figure is recorded under column 3 for 1912. The difference therefore between the cost of $4.19, column 4, and

the cost of $1.62, column 3, represents the savings effected or that shown by column 5 as $2.57. With a total production as shown under column 6 for that year of 8,081,450 pounds we therefore received a labor saving for that year of $22,619.73. That is, insofar as results merely from these labor saving devices covered by the patents referred to.

5655 For the years 1913 to 1918 inclusive the same general principles and logic have been applied, which gives a total
(4063) saving as a result of the benefit accruing from the use of the patented sheeting machines for the period of $272,198.00 which is the figure which is recorded on Wrigley Exhibit 64: Buck 14, line 2, column 1.

The basic cost of the labor which I figured at 100% that was necessary in the use of the best known sheeting machines or methods of making gum at the times referred to.

Referring to Wrigley Exhibit 64: Buck 14, lines 3 and 4, I have data showing how I arrive at figures appearing thereon.

(The witness produced a document with reference to said data. It was a tabulation entitled "Chicago Factory. Savings in Depreciation and Interest by Operating 'Price' Machines" etc. It was offered and received in evidence and marked Wrigley Exhibit 64: Buck No. 18.)

5656 Said Wrigley Exhibit 64: Buck No. 18, is as follows:

CHICAGO FACTORY

Savings in Depreciation and Interest by Operating "Price" Machines Instead of Wrapping Gum by "Redington", "Condon" and "Bander" Method.

Source of Information		Chgo's record of savings made by using "Price" Machines "Redington" Aver. Gen. #9 "Condon" " 10 D "Bander" " 10 C "Price" " Gen. 7	Ratio "Redington" "Condon" "Bander" Avg. to "Price" Avg. Col. #1.	Machy. & Equip. Record	Column 2 multiplied by Column 3.	Sum of Cost of "Redington", "Condon", "Bander" minus cost of "Price" Mchs. (Col. #4)	Wrap. Mach. Books	Column 5 divided by Column 6.	General #7 of Chgo.'s record of savings made by using "Price" Machine	Column 7 multiplied by Column 8.	10% of Column 9.	7% of Column 9.	Addition Column 10 and 11
Year	Machine	1. Prod. Avg.	2. % to Equal "Price" Pro.	3. Cost Per Mach.	4. Invest. Required to equal "Price" Prod.	5. Savings "Price" over "Comb."	6. Working Days Per Annum	7. Savings Per Day	8. Labor Days	9. Saving in Invest.	10. Depreciation 10%	11. Interest 7%	12. Total Savings
1913	Redington	1060	1.417	$1650.00	$2338.05								
	Condon	2675	.561	2175.00	1220.18								
	Bander	1399	1.074	500.00	537.00								
	Price	1502		2500.00	2500.00	$1595.23	271	5.88645754	1444	8500.04	850.00	595.00	1445.00
1914	Redington	1060	1.468	1650.00	2422.20								
	Condon	2675	.582	2175.00	1265.85								
	Bander	1399	1.112	500.00	556.00								
	Price	1556		2500.00	2500.00	$1744.05	251¼	6.94149248	6632½	46039.45	4603.95	3222.76	7826.71

1915	Redington	1060	1.572	1650.00	2593.86								
	Condon	2675	.623	2175.00	1355.03								
	Bander	1399	1.191	500.00	595.50								
	Price	1666		2500.00	2500.00	$2044.33	256½	7.97009744	7503	59799.64	5979.96	4185.97	10165.93
1916	Redington	1060	1.479	1650.00	2440.35								
	Condon	2675	.586	2175.00	1273.55								
	Bander	1399	1.121	500.00	560.50								
	Price	1568		2500.00	2500.00	$1774.40	287½	6.17182609	9501	58638.52	5863.85	4104.70	9968.55
1917	Redington	1060	1.426	1650.00	2352.90								
	Condon	2675	.565	2175.00	1228.88								
	Bander	1399	1.081	500.00	540.50								
	Price	1512		2500.00	2500.00	$1622.28	271½	5.97524858	10352½	61858.76	6185.88	4330.11	10515.99
1918	Redington	1060	1.620	1650.00	2673.00								
	Condon	2675	.642	2175.00	1396.35								
	Bander	1399	1.227	500.00	613.50								
	Price	1717		2500.00	2500.00	$2182.85	246	8.87337396	9013	79975.72	7997.57	5598.30	13595.87
										314812.13	31481.21	22036.84	53518.05
	TOTAL SAVINGS												$53518.05

(4065) I will explain Buck 18 so as to show how I ar-
5657 rived at the results pertaining to interest and depreciation. If we had not received the benefits or savings resulting from the use of the Price type machines, K, KL and KLM as previously referred to, we would have been obliged to have produced all of our self sealed type gum by means of the best other methods on the market. The best other methods was by means of the Redington, Condon, Bander process of wrapping.

Referring to the year 1913 on Wrigley Exhibit 64: Buck 18, in column 1 is shown the figure 1060. This figure indicates the greatest average production per day ever produced by the Wrigley Company by means of a Redington type machine producing a style of package similar to the styles in question.

As to whether column 1 on Buck 18 does not show the largest daily average productions of the Condon and of the Bander machines in 1913, I will say it shows the
5658 largest average productions ever attained by the Wrigley Company by the use of these machines, and it therefore does not necessarily use the figure as attained in 1913 if a larger production had ever been attained previous to that time.

As to whether the averages shown throughout column 1 of Buck 18 respecting Redington, Condon and Bander machines are the highest daily average produced by those three machines at any time, I will say they are the highest daily average over a period of time. I would not say that they are the highest average ever attained in any one day.

The figures 1502 in column 1 of Buck 18 opposite the price in the year 1913 represents the average production
(4066) per machine per day from a Price machine for the year 1913. The same thing is true as to each of the other years shown in column 1. As previously stated, these calculations are made up on the basis of the machinery that would have been required had we not been using the K, KL and KLM machines. Inasmuch as we produced during 1913 an average maximum production per
5659 day on such Price machines as we operated of 1502 boxes, it is apparent that with a Redington giving an average of only 1060 boxes we would have required as many more Redington machines to have turned out the same work or production as did the Price as is the rela-

tionship between the average production of the two machines. On this basis, as is shown under column 2 for the year 1913, first line, that item would have required 1.417 Redington machines to have turned out 1502 boxes. Inasmuch as the average maximum wrapping production per day on a Condon machine was 2675 boxes, it would have required .561 machines to have turned out 1502 boxes. That is, taking the largest Condon production average.

Inasmuch as the greatest average production per day we ever received from a Bander was 1399 boxes, it would have taken 1.074 of such banders to have turned out 1502 boxes.

Under column 3, 1913, we have recorded figures which we have used in determining the minimum added investment that we would have had in such wrapping machines, and on the basis of the figure for a Redington machine of $1,650 it would have cost in capital expendi-
5660 ture at least $2,338.05 for Redington machinery to have
(4067) turned out the same amount as did the Price type as herein referred to.

On the same basis it would have cost us for the Condon and Bander machines respectively $1,220.18 and $537.00.

For a Price machine the figure is $2,500. Therefore under column 5 we have shown the sum of the cost of the Redington, Condon, Bander machines so required to have turned out an equivalent of 1502 boxes less the cost of a Price machine at $2,500, which shows a saving by operating Price machines over the combination method, Redington-Condon-Bander, in a capital investment of $1,595.23. Inasmuch as in 1913 the actual working days we found to be 271 and by dividing the figure as shown in column 5 by column 6 we get a saving per day per machine in a capital investment of $5.88645754.

In column 8 we have recorded the labor days in 1913 in operating Price machines of the type herein mentioned, and inasmuch as a capital expenditure saving is shown per day of $5.88645754 per machine, we show in column 9 what that saving in investment would have been which amounted to $8,500.04. This figure of $8,500.04 at a depreciation of ten per cent per year gives us the figure, as recorded under column 10, of $850.00. And the same figure, $8,500.04, column 9, at an interest rate of 7% per

5661 annum gives a figure of $595.00. The addition of the figures recorded in column 10 and column 11 gives a figure, as recorded in column 12, which is shown as $1,445.

The figures for the remaining periods or years 1914 to 1918 inclusive are arrived at by applying the same general principles and logic as those explained in detail covering the year 1913. But I wish to particularly call
(4068) attention to the figure as recorded under column 3 for each of the years 1913 to 1918 inclusive as typical of a Redington machine cost as the figure which has been used is very much under the cost at which Redington machines could have been purchased. The reason why I used the $1,650 is because that represents the cost per machine of the last quantity lot of Redington machines which the Wrigley Company ever purchased, but I know that during the period in question Redington machines could not have been purchased for that price and in fact I believe by the end of 1918 the Package Machinery Company's price on such machines was in
5662 excess of $3,000 each, and I am under the impression that it was nearer four than three.

I am positive that the cost which I used for the Redington and Condon and Bander machines in Exhibit 18 were at least as low as they could have been bought for during any time covered by Buck 18, and furthermore, due to war conditions causing advances in labor costs, that the machines in question would have cost a large percentage in addition to those as recorded on this tabulation. Using these figures lower than the actual cost of those three machines, Redington, Condon and Bander, gives the Larson Company an advantage.

I will explain column 8 on Buck 18, which column is headed "Labor Days". On the basis of an average daily production on a Price machine as shown in the year 1913 of 1502 boxes, it would have taken in labor machine days, if we had only had one Price machine giving such an average production, 1,444 days to have produced the amount of gum which was produced on the Price type machines of the style or styles referred to in the year referred to.

(4069) Buck 18 was made up for the years 1914 to 1918,
5663 both inclusive, on the same general principles as those used by me for 1913 and which I have just explained.

The savings in investment by reason of our use of these Price wrapping machine inventions from 1913 to 1918, inclusive, is shown in the footing of column 9 of Buck 18. That is 314,812.13. That is the amount of saving that I compute on the principles stated by me. The amount of depreciation based on that on a ten per cent annual depreciation basis for the years 1913 to 1918 inclusive amounts to $31,481.21. That figure would be found on Buck 14, line 4, column 1. It is also found on Buck 18, column 10.

5664 At 7 per cent interest on the investment, the amount saved by using the Price wrapping machine inventions referred to by me for the years 1913 to 1918 inclusive is $22,036.84. That is shown in column 1, line 3 of Buck 14, and also at the bottom of column 11, Buck 18.

I have been requested by counsel for the Wrigley Company to prepare a summary of savings referable exclusively to Chicago because of the use of the Price wrapping machine inventions and sheeting machine inventions to which I have referred based on an interest calculation of six and five per cent respectively.

(The witness produced the said summaries. They were offered in evidence as Wrigley Exhibit 64: Buck 19 and 20 respectively, and were received in evidence.)

5665-6 Wrigley Exhibit 64: Buck 19 and Buck 20.

(4070) Said Buck 19, which calculates interest at six per cent, shows the "Total Savings June, 1911 to 1918, incl." in column 1 to amount to $989,989.55, and the total of column 5 to be $4,767,610.77.

Said Buck 20, which computes interest at 5%, shows the total in column 1 to be $986,841.43, and the total in column 5 to be $4,764,462.65.

(4071) Buck Exhibit 19 calculates interest at the rate of 6%
5667 on the saved investment. Buck 19 is prepared exactly the same as Buck 14, excepting only that I have used six per cent interest in line 3, column 1, on Buck 19 instead of 7% in column 1, line 3 of Buck 14.

Buck 20 is exactly the same as Buck 14 and prepared on the same principles, excepting only that I used 5% interest on the saved investment in line 3, column 1, of Buck 20 whereas I used 7% in line 3, column 1 of Buck 14. All of the other figures of Buck 19 and Buck 20 the same as on Buck 14 excepting with respect to the interest and the changes that would necessarily follow the total because of using a different rate of interest.

(Mr. Mayer asked the witness: "Q. Mr. Buck, from your familiarity with and experience in the manufactur-
5668 ing of gum and the various mechanical appliances available for use in the manufacturing of gum, including these various inventions that you have referred to, I will ask you to give the master your opinion as to what the patents to which you have referred, being marked Buck 1 to 6 inclusive, and the inventions therein referred to were fairly and reasonably worth at the time of the organization of the Wm. Wrigley Jr. Company, the West Virginia Corporation, which is a party to this suit?"

(Mr. Aldrich objected for the same reasons he stated when he had objected to the admission in evidence of the details upon which the question was based. The objec-
(4072) tion was overruled, the master stating he would take the evidence subject to Mr. Aldrich's objection.) (The witness continued:)

The patents and contracts covering same are worth, in my opinion, several millions of dollars. I will make that more definite. With reference to that matter we have shown by figures already submitted that we have effected within the period of a few years savings to the extent of $993,137.66 on the basis of the production of the Wm. Wrigley Jr. Company at Chicago alone, and figuring that the savings for each succeeding year up to the expiration of the patents would be equally as much
5669 as during the year 1918, we show the saving that would have been effected at Chicago alone on the basis, as just referred to, $4,770,758.88.

(Mr. Mayer then asked the witness: "Q. Taking into consideration not only the past experience of your use of these patented devices and inventions and the savings which have resulted therefrom, but because of increased production and because of the lesser investment needed and the depreciation thereon and the interest on the saved investments, and taking into consideration also what you believe will be the future savings up to the expiration of the patents referred to, what, in your opinion, was the fair, reasonable value of the patents in question and the inventions covered thereby at the time of the organization of the West Virginia William Wrigley Jr. Company?" Mr. Aldrich made the same objection that he did to the previous similar question. The objection was overruled, and the witness an-
(4073) swered: "A million and a half dollars.")

5670 1911 was the first year the Wm. Wrigley Jr. Company, party to this suit, did business. The stock had not been placed on any public market or exchange that year. There were sales of the common stock of that company during those years.

(Mr. Mayer then asked the witness whether he himself had bought or sold or endeavored to buy or sell any common stock of the West Virginia Company in 1911. The witness stated that he had. Mr. Mayer asked him what he had done in that respect. Mr. Aldrich objected on the ground of immateriality, irrelevancy and incompetency. The objection was overruled, the master stating he would take the testimony subject to Mr. Aldrich's objection.)

5673 As early as July, 1911, I actually sold Wm. Wrigley Jr. Company common stock for $100. per share. That was the par value. In October of that year or close on to that date, or that period, I endeavored to purchase a quantity of Wrigley common stock, agreeing to pay $125.00 per share, such offer having been made to several different Wrigley stockholders, but I was unsuccessful in obtaining any stock at that price. Stock at that time was held at $150.00 a share by the people with whom I negotiated, and even at that price I could only have obtained a very limited quantity.

My opinion in 1911 as to the value of the common stock of the Wm. Wrigley Jr. Company is best evidenced by (4074) the fact that I offered to pay during 1911 up to $125.00 a share for the common stock. Those offers to which I am referring were made by me in good faith and 5674 with the actual desire of receiving and paying that price for the stock. I thought that if I was able to procure that stock at that price at that time that I would make a handsome profit on it on that basis. I had no purpose in seeking to buy the stock other than its acquisition and ownership. My purpose was to increase my holdings and thereby benefit from the results of such a purchase. I had no other purpose than making a good buy of the stock at market value at that time. I made continuous efforts between 1911 and the early part of 1915, but the first stock that I was successful in actually purchasing was September 22, 1915, which I purchased at a price of $275.00 per share.

5675 November 24, 1922, 10:30 A. M.

5676 On October 6, 1915, I purchased some additional Wrigley common stock at $225.00 per share and November 10th of the same year I purchased an additional amount at $225.00 per share. On September 25, 1916, I purchased Wrigley common stock at $300.00 per share and made several other purchases at the same time at somewhat later dates in the same year.

I have given all the data with respect to this subject matter that I can think of at that time.

I did not become a director of the Wm. Wrigley Jr. Company at the time it was organized. I was not appointed a director until after August 1, 1919, as I recol-
(4075) lect it. Prior to August 1, 1919, I had an appointive position, appointed by the directors of the company and given the title of general manager of factories. I was not the secretary and I had nothing to do with the stock transfer books of the company.

5677 I have prepared a statement showing the savings at the Brooklyn factory by the West Virginia company in the operation and use of these various patents and inventions for wrapping machines and sheeting machines that I have described. The report covers the period 1911 to 1918 inclusive. The company first began to operate a factory at Brooklyn prior to January 1, 1911. I do not definitely remember whether the Zeno Manufacturing Company had a plant at Brooklyn.

5678 In preparing my statement of savings at Brooklyn, the records showing operations at that plant were examined. I do not say that I personally did it myself. They were examined and prepared under my supervision.

The Brooklyn plant has always been controlled or supervised by the factory organization as located in Chicago. At such time as I was assistant factory manager I had certain duties consistent with the position in taking care of the Brooklyn plant, and after I was appointed factory manager it was entirely under my charge.

I have been in the habit of making trips down to the Brooklyn plant in accordance with the duties involved in holding the various positions that I have. I have been getting reports from time to time from that factory as to production.

5679 The Wrigley Company first began to operate its Brooklyn plant June, 1911. It has been operated constantly
(4076) since by the Wrigley Company.

I have a report prepared showing the savings at the Brooklyn plant due to the use and operation of the various patented devices and inventions which I have referred to in connection with the wrapping and sheeting
5680 machines at Chicago. The report is on three separate sheets, one covering the savings effected by wrapping machines, another by sheeting machines and another in depreciation and interest. I am having prepared a recap covering these three reports.

(The witness produced the three sheets to which he had referred. They were offered in evidence. Mr. Aldrich made the same objection that he had made to the receipt of the earlier sheets as to the Wrigley factory in Chicago. The documents were received in evidence subject to Mr. Aldrich's objection, and marked respectively Wrigley Exhibit 64: Buck No. 21, Buck No. 22, and Buck No. 23. The Master also stated that it would be understood that Mr. Aldrich's objection went to all said line of evidence with respect to the Brooklyn factory.)

5681-83 Said Wrigley Exhibit 64: Buck No. 21, Buck No. 22, and Buck No. 23, are as follows:

Wrigley Exhibit 64; Buck No. 21.

WRIGLEY 64—BUCK 21

BROOKLYN

SAVINGS BY OPERATING PRICE TYPE WRAPPING MACHINES INSTEAD OF REDINGTON, CONDON, BANDER METHOD.

	Gen. # 3	Gen. #1 & #2	Per Chgo.	Per Chgo.	Col. 2 times Col. 4	Col. 3 times Col. 5	Col. 6 plus Col. 7
1.	2.	3.	4.	5.	6.	7.	8.
Year	Boxes Produced on K & KLM not SS	Boxes Produced on KL & KLM SS.	Savings per box K over Red. per Chicago figures	Savings per box KL & KLM SS over Red., Cond., Bander	Total Savings on K over Red.	Total Savings on KL & KLM SS over Red. Condon, Bander	Sum of all Savings on Price over Red. or Red. Cond. Bander
1911	None	None					
1912	None	None					
1913	None	862,535		.006408		5,527.11	5,527.11
1914	None	2,720,630		.008053		21,909.23	21,909.23
1915	None	3,695,246		.007311		27,015.94	27,015.94
1916	82,117	5,011,432	.001486	.007498	122.03	37,575.72	37,697.75
1917	956,176	4,948,724	.001892	.008250	1809.08	40,826.97	42,636.05
1918	1,120,197	4,117,603	.003188	.012172	3571.19	50,119.46	53,690.65
							$188,476.73

(4078) WRIGLEY 64—BUCK 22

Wrigley Exhibit 64; Buck No. 22.

BROOKLYN
SHEETING MACHINE SAVINGS

Year	1. Lbs. Mfd. (Brooklyn Batch Record (Brook. S. M. #5))	2. Savings Per M # Per Chicago Figures (See Column #5 Chicago Sheeting Machine Savings Record.)	3. Total Savings (Column #1 Multiplied by Column #2.)
1911	1,092,700	$2.18	$ 2,382.09
1912	2,863,700	2.57	7,359.71
1913	3,194,800	3.04	9,712.19
1914	2,039,800	2.30	4,691.54
1915	2,772,000	2.38	6,597.36
1916	3,848,600	1.90	7,312.34
1917	4,334,400	2.85	12,353.04
1918	3,990,000	3.82	15,241.07
TOTAL SAVINGS			$65,650.07

Wrigley Exhibit 64: Buck No. 23.

(4079) WRIGLEY 64—BUCK 23

BROOKLYN FACTORY

SAVINGS IN DEPRECIATION AND INTEREST BY OPERATING PRICE MACHINES INSTEAD OF WRAPPING GUM BY "REDINGTON", "CONDON" "BANDER" METHOD.

Source of Information	Column #7 of Chicago's Record of Savings in Depreciation and Interest.	General #1 of Brooklyn's Record of Savings Made by using "Price" Machine.	Column #1 Multiplied by Column #2.	10% of Column 3.	7% of Column #3	Addition of Columns #4 and 5.
Year	1. Savings Per Day	2. Labor Days	3. Savings in Investment	4. Depreciation 10%	5. Interest 7%	6. Total Savings
1913	5.88645754	562	$ 3,308.19	$ 330.82	$ 231.57	$ 562.39
1914	6.94149248	1769½	12,282.97	1,228.30	859.81	2,888.11
1915	7.97009744	2342½	18,669.95	1,867.00	1,306.90	3,173.90
1916	6.17182609	3038¾	18,754.64	1,875.46	1,312.82	3,188.28
1917	5.97524858	3325¾	19,872.18	1,987.22	1,391.05	3,378.27
1918	8.87337396	2547½	22,604.92	2,260.49	1,582.34	3,842.83
			$95,492.85	$9,549.29	$6,684.49	$16,233.78
TOTAL SAVINGS						$16,233.78

(4080) Wrigley Exhibit 64, Buck 21, purports to show the
5684 savings effected by the use of Price wrapping machine inventions in the Brooklyn factory from the time they started in June, 1911, until the end of 1918. I will state to the master on what theory and principle that exhibit was prepared. We had already made exhaustive detailed cost records showing the savings per box in operating the Price type K, KL and KLM wrapping machines at Chicago as compared to wrapping similar gum by means of the best and most practical other method of producing gum of similar wrapping, and, after making a detailed cost comparison of the labor for producing each unit or thousand boxes of gum at Brooklyn for each year period from the time said plant was started up to the end of 1918 and comparing such cost figures with corresponding ones for Chicago and finding in every instance that the
5685 labor cost records at Brooklyn were in excess of those at Chicago, we have therefore used the saving figures as found at Chicago as shown on Wrigley Exhibit 64: Buck 15.

In tabulating the savings effected at Brooklyn, for instance, column 5 for 1913 of Wrigley Exhibit 64: Buck 21, is recorded under the heading "Savings per box KL & KLM SS over Red., Cond., Bander", $.006408. The same figure appears for the year 1913 on Wrigley 64: Buck 15, column 16, and inasmuch as the production of the K, KL and KLM SS types at Brooklyn for 1913, as shown under column 3 of Buck 21, is 862,535, we get the total savings for wrapping that amount of gum, as is indicated by the figure under column 7 of Buck 21 which shows $5,527.11.

(4081) This same treatment or method of calculation is followed out in making up each one of the other figures as shown on Buck 21. The total savings so effected at the Broklyn plant is shown by the total under column 8, Buck 21, as $242,167.38.

By using the Chicago labor cost as a basis in determining the saving shown in Buck 21, the Larson Company got an advantage.

5686 Referring to Buck Exhibit 22, in arriving at the savings effected by the use of sheeting machines we have used the Chicago figures representing the savings effected per thousand pounds of gum produced as a basis for the same reason with reference to labor conditions as existing between the Brooklyn and Chicago plants as was explained in detail in explaining Wrigley Exhibit 64; Buck 21.

The savings so arrived at from the use of the sheeting machine inventions referred to aggregate from June, 1911, when we opened the Brooklyn factory, to the end of 1918, the sum of $65,650.07.

Referring to Buck 23, purporting to show the saving effected in interest and in depreciation by the use of Price wrapping machine inventions instead of wrapping gum by the Redington, Condon and Bander machines or method, I will explain how that exhibit is made up. On Wrigley Exhibit 64: Buck 18 is shown in detail as to what the extra capital expenditure per day would have been in operating the Redington, Condon, Bander type
5687 machines as compared to what it actually was by use of the Price type machines in question. In purchasing wrapping machines the same purchase prices would prevail irrespective of whether such machines were to be used in the Wrigley Brooklyn or Chicago factories, and
(4082) therefore the Chicago figures are accurate, and the ones shown on Buck 18 in this respect can be used as applying to the Brooklyn factory.

Under column 2, Buck 23, headed "Labor Days", which means the labor machine days, and inasmuch as in 1913 there occurred 562 labor machine days and with a saving in investment per day of $5.88645754 we get a saving in investment, as noted under column 3, of $3,308.19 for the year 1913. All of the rest of the figures as shown on the same Buck No. 23 have been computed, using the same basis and principles as has been already explained covering such matters. The total saving on the basis of interest at 7% is shown by the footing at the foot of column 6, namely, $16,233.78.

Referring to Buck 23, column 2, "Labor Days", I mean by the figures in that column to furnish the same type of information ascertained in the same way as column 8 in Buck 18.

5688 I have made a compuation of the amount of interest that would be saved because of the lessened investment based on a 6% rate and also on a 5% rate as requested.

(Mr. Mayer then offered in evidence the two documents produced by the witness, being a recapitulation of the savings in the Brooklyn factory on the basis of 6% and 5%. The recapitulations so offered were received in evidence and marked respectively Wrigley Exhibit 64: Buck No. 24 and Buck No. 25.)

5689-90 Wrigley Exhibit 64: Buck No. 24 and Buck No. 25.

(4083) I have prepared a summary or recap of the savings
5691 at the Brooklyn factory at Seven per cent.

(The witness produced the 7% summary. It was offered in evidence and received in evidence as Wrigley Exhibit 64: Buck No. 26). Said exhibit is as follows:—

WRIGLEY 64—BUCK 26

RECAP OF SAVINGS
BROOKLYN

	Column #1 Total Savings 1911 to 1918 incl.	#2 1918 Savings only	#3 No. of Yrs. from 1918 to expiration of Patents	#4 Savings till expiration of Patents Based on Savings of 1918	#5 Combined Savings (Column #1 Plus Col. #4)
1. Savings effected by use of Price Wrapping Machine Inventions	*$188,476.73*	$53,690.65	14½	$778,514.43	*$ 966,991.16*
2. Savings effected by use of Sheeting Machine Inventions.	65,650.07	15,241.80	9½	$144,797.10	210,447.17
3. Savings effected in Interest by use of Price Wrapping Machine Inventions at 7%.	6,684.49				6,684.49
4. Savings effected in Depreciation by use of Price Wrapping Machine Inventions at 10%.	9,549.29				9,549.29
TOTAL SAVINGS	*$270,360.58*			$923,311.53	*$1,193,672.11*

Wrigley Exhibit 64: Buck No. 26.

(4084) Said Buck Nos. 24, 25 and 26, respectively, show
5689 the total savings in Brooklyn from 1911 to 1918, incl.,
5690 figuring savings effected in interest by use of Price
5692 Wrapping Machine inventions at 5% to have been $322,141.40, at 6% to have been $323,096.32, and at 7%, $324,051.23, and that including the savings till the expiration of the patents, based on savings of 1918, the total savings at Brooklyn (figuring said interest at 5%) would be $1,245,452.93, at 6%, $1,246,407.85, and at 7%, $1,247,362.76.

(4085) I have made an investigation along similar lines
5693 as those which I have described with reference to the Chicago factory and the Brooklyn factory having reference to the factory of the West Virginia Wrigley Company operated at Toronto up to about January 1, 1916.

(The witness produced six documents which were entitled as follows: "Savings by operating Price type wrapping machines" etc., "Sheeting machine savings", "Savings in depreciation and interest", "Recap of Savings" on 7% basis, "Recap of savings" on 6% basis, "Recap of Savings" on 5% basis. The documents so offered were received in evidence and marked Wrigley Exhibit 64; Buck Nos. 27, 28, 29, 30, 31 and 32 respectively.)

5693-99 Said Wrigley Exhibit 64: Buck Nos. 27, 28, 29, 30 are as follows:

(4086) WRIGLEY 64—BUCK 27

Wrigley Exhibit 64; Buck Nos. 27 and 28.

TORONTO
SAVINGS BY OPERATING PRICE TYPE WRAPPING MACHINES INSTEAD OF REDINGTON, CONDON, BANDER METHOD.

Source of Information	General #3	Chicago figures	Col. #1 x Col. #2
Year	1. Boxes Prod. on KL & KLM SS.	2. Savings Per Box on KL & KLM SS Per Chicago Figures	3. Total Savings KL & KLM over Red. Con. Bander
1914	833,947	.008053	$ 6,715.78
1915	1,134,789.65	.007311	8,296.45
			$15,012.23

(4087) WRIGLEY 64—BUCK 28

TORONTO
SHEETING MACHINE SAVINGS

	Toronto Sheeting Machine #1	See Col. #5 Chicago Sheeting Machine Savings Record.	Column #1 multiplied by Column #2.
Year	1. Lbs. Mfd.	2. Savings per M # per Chicago figures	3. Total Savings
1911	145,600	$2.18	$ 317.41
1912	566,300	2.57	1,455.39
1913	851,900	3.04	2,589.78
1914	798,700	2.30	1,837.01
1915	847,700	2.38	2,017.53
TOTAL SAVINGS			$8,217.12

(4088) WRIGLEY 64—BUCK 29

TORONTO FACTORY

SAVINGS IN DEPRECIATION AND INTEREST BY OPERATING PRICE MACHINES INSTEAD OF WRAPPING GUM BY "REDINGTON," "CONDON," "BANDER" METHOD.

Source of Information	Column #7 of Chicago's Record of Savings in Depreciation and Interest	T-2 of Toronto's Record of Savings made by using "Price" Machine	Column #1 multiplied by Column #2.	10% of Col. #3	7% of Col. #3	Addition of Columns #4 and 5
Year	1. Savings Per day	2 Labor Days	3. Savings on Investment	4 Depreciation 10%	5 Interest 7%	6 Total Savings
1914	6.94149248	575	$3,991.36	$399.14	$279.40	$ 678.54
1915	7.97009744	725	5,778.32	577.83	404.48	982.31
			$9,769.68	$976.97	$683.88	$1660.85
TOTAL SAVINGS						$1660.85

(4089) WRIGLEY 64—BUCK 30 Buck No. 30.

RECAP OF SAVINGS

TORONTO

		Total Savings 1911 to 1915 inclusive.
1.	Savings effected by use of Price Wrapping Machine Inventions.	$15,012.23
2.	Savings effected by use of Sheeting Machine Inventions.	8,217.12
3.	Savings effected in Interest by use of Price Wrapping Machine Inventions at 7%.	683.88
4.	Savings effected in Depreciation by use of Price Wrapping Machine Inventions at 10%.	976.97
	TOTAL SAVINGS	$24,890.20

(4090) Said Wrigley Exhibit 64, Buck 31, shows a recapitulation of the savings at Toronto figuring interest at six per cent to amount to $24,792.50, and figuring the interest at five per cent said savings amount to $24,694.81.

(4091) Buck Exhibit 27 shows savings effected by the use
5700 of the Price wrapping machine inventions to which I have referred in Toronto for the years 1914 and 1915. In preparing Buck 27, I used as a basis of labor costs the labor cost for producing each unit of gum at the Chicago plant. I used the same Chicago figures in preparing my Toronto statement as I did in preparing my statement of Chicago factory savings as far as the savings per box as effected by the use of K, KL and KLM SS type gum is concerned. I used the Chicago figures for the same reason that I used Chicago figures in computing the Brooklyn savings for the reason that I found that in each year, 1914 and 1915, that the average labor cost for producing gum at Toronto was in excess of what it was for the corresponding periods at Chicago.

The total saving in 1914 and 1915 at the Toronto fac-
5701 tory because of the use of the Price wrapping machine inventions was $15,012.23. That shows the savings effected by the use of the sheeting machine inventions to which I have referred at Toronto from 1911 to 1915 inclusive.

I used the same principle in preparing Buck 28 as I

did in the preparation of similar exhibits in connection with the Chicago and Broklyn factories, but in preparing the Chicago savings we used as a basis the costs as found at Chicago, but in compiling the figures for each of the Brooklyn and Toronto factories we used as a basis the labor cost as compiled at Chicago and recorded in detail on Wrigley Exhibit 64: Buck 17.

Referring to Buck 28, column 1, the words above the "1" reading "Toronto Sheeting Machine #1" merely refers to the working sheet from which the totals shown for each year were taken.

(4092) Speaking generally and without going through all these various exhibits which I have produced, where the language above the various numbers of the columns is not self explanatory it probably refers to my working sheets.

5702 The total savings effected by the use of the sheeting machine inventions to which I referred at Toronto from 1911 to 1915, both inclusive, amounted to $8,217.12.

Buck 29 shows the savings effected in interest by the use of the Price wrapping machine inventions at Toronto in 1914 and 1915 and also the depreciation resulting from the use of those inventions at 7 per cent, and the interest is figured at 7 percent.

Buck 29 was prepared in the same manner and on the same principle as the similar statements that I have produced here referring to the Chicago factory and to the Brooklyn factory. Column 2 of Buck 29 which refers to "Labor Days" has the same general meaning and was made up on the same principle as column 8 of Buck 18. A total of $683.88 by way of interest at 7% was saved by the use of the Price wrapping machine inventions at the Toronto factory in 1914 and 1915. The amount saved in depreciation at that factory because of the use of the Price wrapping machine for the years 1914 and 1915 was $976.97. That means an aggregate of interest at 7% and depreciation of $1,660.85.

(4093) November 24, 1922, 2:00 o'clock P. M.

5704 I have before me copy of a contract dated October 15,
5704 1910, between Albert M. Price and the Zeno Manufacturing Company.

(It was stipulated that the copy might go in evidence, subject to verification, with the same force and effect as

the original, subject, however, to the objection which Mr. Aldrich had theretofore made to all said line of testimony. The copy of said contract dated October 15, 1910,
5705 was offered in evidence by Mr. Mayer and was received in evidence and marked Wrigley Exhibit 64: Buck No. 33.) Said Exhibit consists of a letter signed by Albert M. Price addressed to Zeno Mfg. Co. and marked "Accepted Oct. 1910, Zeno Manufacturing Co., A. G. Cox, General Manager" wherein Price says that on the understanding that the Zeno Manufacturing Company will purchase from him machines under the conditions named in his letter he will undertake to design, build and deliver at the Company's factory, prior to February 1, 1911, a machine for wrapping gum of the size and style of wrap of Wrigley's Spearmint gum with the exception that there will be no reverser, said machine to have a capacity of 1300 boxes (100 pieces to the box)or more, per nine hour day, and Price agrees to make a special effort to reduce the mechanism of that machine to the greatest possible simplicity and endeavor, both in design and material, to make the machine as durable and free from
(4094) wear as possible; and he guarantees to make good by repair or replacement all parts of machines delivered under the contract which may prove defective in material or workmanship within one year from date of delivery. The proposition also says that if the Zeno Manufacturing Company should find after a reasonable trial of this machine that it meets the above conditions to the Company's satisfaction it will place an order with Price for ten machines, delivery of five to be thereafter as soon as he can construct same, and the other five to be delivered within six months from date of delivery of the last machine of the first five lot.

The proposition also says that if, after delivery and payment of the first ten machines as above, the Company places an order with Price for five additional machines and will also guarantee to place an additional order for five machines for delivery within six months from date of delivery of the last five machine order, Price will assign to the Zeno Manufacturing Company the patents on this machine, it, however, being agreed that the Zeno Company will not cause to be constructed any machines under said patents, except through orders placed with Price. If the Zeno Company is unable to give Price two orders for five machines each, after the first ten machines are

delivered and accepted, then it is understood that Price will not then assign to the Company the patents on this machine, but should the Company order a second lot of ten machines from Price within two years from delivery of the last machine of the second five lot, then Price agrees to assign to the Zeno Manufacturing Co. the patent
(4095) or patents on this machine in case the Patent Office required a division, it, however, being agreed that the Company will not cause to be constructed any machines under said patents except through orders placed with Price. And it is understood that Price shall at all times have the entire and exclusive right to use said patents or any and all principles used in this machine in constructing machines for any other purpose than the chewing gum industry. Price further agrees to make such improvements as may be mutually agreed to on machines for each order received over the last completed machines, and should he be able to make improvements which are patentable, then he agrees to assign to the Company such patents provided he has already assigned to the Company the original patents as above stated, the Company to pay cost of obtaining same, it, however, being understood that Price shall at all times have the entire and exclusive right to use such patents or any and all principles used in this machine in constructing machines for any other purpose than the chewing gum industry. Price agrees not to build chewing gum wrapping machines under these patents for anyone else, prior to the Company having either acquired title to said patents or having, under the terms of this contract, forfeited its right to acquire said title. Price will pay all expenses and defend any suit or suits brought against the Company for infringements by this machine
(4096) furnished by Price for the damages assessed against the Zeno Manufacturing Company any suit or suits on account of use by it of these machines. The purchase price of above machines to be $1650. f. o. b. Zeno factory, terms Net Cash in thirty days from delivery.

That was one of the agreements to which I referred in my testimony when I said that the Wrigley Company, the West Virginia Company, acquired certain rights to certain inventions for wrapping machines. The Price wrapping machines to which I referred as the K type and the KL type and the KLM type were acquired and used by the West Virginia Wrigley Company under and pursuant to the contract just offered in evidence as Buck

5706 33 in the manufacture of the Wrigley gums. The West Virginia Wrigley Company thereafter acquired the patents for the inventions covered by the Price K and KL and KLM machines, with the exception that the patents have not been granted, as I understand the situation, covering the type termed as the KLM. The KLM machine or type is the one for which I said an application is still pending in the patent office for a patent.

(4097) I have here the original proposition made by the Zeno Manufacturing Company under date of January 3, 1911, to the West Virginia Wm. Wrigley Jr. Company and by it accepted on the same date.

(Mr. Mayer offered in evidence as Wrigley Exhibit 64: Buck No. 34, the said proposition, and asked leave to substitute a copy in the record as an exhibit in lieu of the original. Mr. Aldrich objected for the same reasons he had theretofore stated in connection with the objections to said line of testimony, but agreed that a copy might be substituted in lieu of the original. Mr. Aldrich also stated that he did not make any point of the proof by said witness of the signatures to the documents being
5707 offered in evidence. The objection was overruled, and the said proposition was received in evidence.)

(4098) Said exhibit shows a proposition dated January 3,
5707 1911, addressed to William Wrigley, Jr. Company by Zeno Manufacturing Company by A. G. Cox, General Manager, and bearing an acceptance, dated January 3, 1911 by the Wrigley Company of said proposition. By said proposition, the Zeno Manufacturing Company offered to convey to the Wrigley Company all its property and assets of every kind, including good will and trade marks, trade names, copyrights, patents and any right or interest in patents whatsoever, and all other things of value, tangible or intangible, exclusive of cash on hand or in bank at the close of business on December 31, 1910, and all bills and accounts receivable shown on Zeno Manufacturing Company's books at said date, the consideration of such conveyance to be the issuance to the Zeno Manufacturing Company, its nominees or assigns, of 7500 shares of Wrigley Company's preferred stock, fully paid and non-assessable, and 25,000 shares of its fully paid and non-assessable common stock, and also the Wrigley Company's demand promissory note for $250,000.00, bearing 6% interest and also its promissory note for $494,776.92, payable 60 days from date and bearing 6%

interest, and the Wrigley Company was to assume all debts, liabilities, contracts and obligations of every kind of the Zeno Manufacturing Company, excepting only bills and accounts payable entered on the Zeno Manufacturing Company's books as liabilities at the close of business on December 31, 1910, and the liability of the Zeno Manufacturing Company to its stockholders on account of their respective stock holdings.

It is my recollection that pursuant to the proposition from the Zeno Company to the Wrigley Company, Buck 34, that the Wm. Wrigley Jr. Company, the West Virginia Company, acquired all the property, assets, patents,
(4099) patent rights, and so forth, of the Zeno Manufacturing Company. I have before me now an original conveyance dated the 3rd day of January, 1911, from the Zeno Manufacturing Company to the Wm. Wrigley Jr. Company, West Virginia corporation, dated the 3rd day of January, 1911.

(Mr. Mayer offered in evidence the said conveyance as Wrigley Exhibit 64, Buck No. 35. Mr. Aldrich stipulated that a copy might be substituted in the record for
5708 the original and the original withdrawn, subject to the same objections that he had made to the other documents produced by the witness. The conveyance so offered was received in evidence.)

5708 Said exhibit is dated January 3, 1911 and is executed by Zeno Manufacturing Company by H. M. Hooker, President, and A. G. Cox, Secretary, and by the Wm. Wrigley Jr. Company, by James R. Offield, President and Frank N. Belknap, Secretary, and by said instrument, said Zeno Manufacturing Company sold, conveyed, transferred and set over unto the Wrigley Company all tangible personal property of every kind then owned or possesed by the Zeno Company, and all patents, interest in patents, licenses under patents, trade-marks, trade names, formulae, copyrights, labels and good will belonging to the Zeno Company, and all its contracts of every kind and character and all concessions and all other property and things of value of every kind, real, personal or mixed, legal or equitable, tangible or intangible, belonging to the Zeno Company, exclusive only of cash on hand or in bank at the close of business on December 31, 1910, and bills and accounts receivable shown on its books at that time. And by said instrument, the Wrigley Company as-
(4100) sumes and agrees to pay, discharge, carry out and

perform all the debts, liabilities, contracts, obligations and undertakings of every character of the Zeno Company, excepting only the bills and accounts payable entered on Zeno Company's books as liabilities at the close of business on December 31, 1910, and the liability of the Zeno Company to its stockholders on account of their respective stock holdings. And the Zeno Company further agreed to execute and deliver all such other and further instruments of conveyance as may be necessary or reasonably required for the better assuring and confirming unto the Wrigley Company the property and assets thereby conveyed, or intended to be conveyed, by the Zeno Company to the Wrigley Company.

(4101) Buck 35 is one of the agreements to which I referred when I stated that the Wm. Wrigley Jr. Company, the West Virginia company, acquired and used these various Price wrapping machines and inventions and the various sheeting machines.

Direct Examination by Mr. Lane.

The Zeno Company was using the inventions of those patents which I have referred to as Buck 1, 2, 3, and 4, in the manufacture of its gum. The inventions that were
5709 owned by the Barbieri & Dellenbarger Company, that is Buck Nos. 1 and 3, were in fact controlled by the Zeno Company prior to the time it was sold to the Wm. Wrigley Jr. Company.

(Mr. Lane then offered in evidence, subject to the objection which Mr. Aldrich had been making to this whole line of testimony and subject to the verification for cor-
5710 rectness, the original assignment of patent No. 968,109 of August 23, 1910, from Barbieri & Dellenbarger Company to the Wm. Wrigley Jr. Company, dated February 18, 1911, sworn to on behalf of the Barbieri & Dellenbarger Company by its president, C. H. Dellenbarger. The document was recorded at the United States Patent Office on April 10, 1911, in Liber J 86, page 372 of the Transfers of Patents. It was stipulated that a copy might be used in evidence with the same force and effect
(4102) as the original, and the original withdrawn. The said assignment so offered was received in evidence and marked Wrigley Exhibit 64: Buck 36.)

(Mr. Lane then offered in evidence, subject to similar objections by Mr. Aldrich, subject to similar stipulations,

the following: The assignment from the Zeno Manufacturing Company to the Wm. Wrigley Jr. Company of patent No. 965,598 of July 26, 1910, dated April 14, 1911, which is duly acknowledged by the secretary of the corporation and which was recorded at the United States Patent Office April 20, 1911, in Liber R 86, page 351, of Transfers of Patents, as Wrigley Exhibit 64:
5711 Buck 37; the assignment of the Barbieri Patent No. 968,110 of August 23, 1910, from the Barbieri & Dellenbarger Company to the Wm. Wrigley Jr. Company dated February 18, 1911, and acknowledged by the President of the Barbieri & Dellenbarger Company, this being recorded in the United States Patent Office April 10, 1911, in Liber J 86, page 374, of Transfers of Patents, as Wrigley Exhibit 64: Buck 38; the original assignment of Albert M. Price to the Wm. Wrigley Jr. Company of Patent No. 1,185,822 of June 6, 1916, dated February 10, 1919, and duly acknowledged by Price and recorded at the United States Patent Office February 14, 1919, in
5712 Liber W106, page 174, of the Transfers of Patents, as Wrigley Exhibit 64: Buck 39; the original assignment
(4103) of Albert M. Price to the Wm. Wrigley Jr. Company of patent No. 1,109,461 of September 1, 1914, dated February 10, 1919, and duly acknowledged by Price and recorded at the United States Patent Office February 14, 1909, in Liber W106, page 173, of the Transfers of Patents, as Wrigley Exhibit 64: Buck 40.

The said documents were respectively received in evidence.)

Two of the Price inventions which I have referred to as having been secured by virtue of the contract of October 15, 1910, are those contained in patents issued to Price and in evidence as Buck Exhibits 5 and 6. Aside from the two patents just referred to, there were certain other inventions made by Mr. Price under that contract of October 15, 1910.

5713 The Zeno Manufacturing Company caused to be executed the assignments from the Barbieri & Dellenbarger Company of the Barbieri patents to the Wm. Wrigley Jr. Company at or about the time mentioned in these assignments. That was part of the transaction which took place when the transfers of these patents were made to the Wrigley Company by the Zeno Company.

The Zeno Manufacturing Company referred to in these assignments of Price, and elsewhere, is the Zeno Manu-

facturing Company with which I was connected and which transferred its interests to the Wm. Wrigley Jr. Company. That is the one concerning which I have testified.

Patent No. 992,590 was issued direct to the Wm. Wrigley Jr. Company. That is the Wm. Wrigley Jr. Com-
(4104) pany with which I am connected. Wherever Wm.
5714 Wrigley Jr. Company's name is mentioned in connection with any of these assignments, it is the Wm. Wrigley Jr. Company that is involved in this case. The name of the Illinois Wrigley Company had an "and" in it, so that it read "Wm. Wrigley Jr. and Company".

(Mr. Lane then stated that he thought Mr. Aldrich
5715 would admit that Touche, Niven & Company had gone over to the Wm. Wrigley Jr. Company and examined all the records they wanted to examine. Mr. Aldrich stated he presumed Touche, Niven & Company had, that he had a report from them on that subject.

(Mr. Mayer then offered in evidence a letter from Charles H. Aldrich to Messrs. Isaac H. Mayer and Wallace R. Lane, dated March 9, 1922. The letter so offered was received in evidence and marked Wrigley Exhibit 64: Buck No. 41;

(Mr. Mayer also offered in evidence a carbon copy of letter addressed to Charles H. Aldrich, dated March 24, 1922. The letter so offered was received in evidence and marked Wrigley Exhibit 64: Buck No. 42.

(Mr. Aldrich stated that he made no objection to the said letters going into the record.) In said Wrigley Exhibit 64, Buck No. 41, Mr. Aldrich asked Messrs. Mayer and Lane to advise him on behalf of the L. P. Larson Jr. Company as to the number and date of each patent
(4105) and to whom issued, the date of purchase by the Wm. Wrigley Jr. Company, and further stated that he desired to inspect the contracts of purchase and the amount paid in each instance, and the date of payment and desired all data regarding the patent account, and further desired to be advised as to whether Messrs. Mayer and Lane would permit Touche, Niven & Co. to examine the account and contracts.

Said Wrigley Exhibit 64, Buck No. 42 is the reply of Messrs. Mayer and Lane to said letter of Mr. Aldrich and in it they inform Mr. Aldrich that on January 3, 1911, the Wm. Wrigley Jr. Company acquired the rights to ten patents and a pending application giving the names of the patentees and dates of issue of each patent,

and further stating that the Wm. Wrigley Jr. Company issued its capital stock for certain property including the rights to the patents described in said reply and also paid additional compensation therefor as shown by the records of the Wm. Wrigley Jr. Company which will be made available to Touche, Niven & Co. in compliance with Mr. Aldrich's request.

(4106) November 27, 1922. 10:30 A. M.

5720 I have prepared and brought here a statement showing what proportion of the savings which I said were effected by using the Price type wrapping machine inventions KL and KLM was saved during the accounting period.

(Witness produced a statement, which Mr. Mayer offered in evidence as Wrigley Exhibit 64: Buck 43. Mr.
5721 Aldrich objected, for the reasons he had theretofore stated, and for the reason that evidence changing the cost of producing as shown in the filed account could not be introduced. The master admitted the statement, subject to Mr. Aldrich's objection, and stated that the objection might stand to all testimony on the subject. The document so offered was received in evidence.)

5722 Said Wrigley Exhibit #64: Buck 43 is as follows:—

SAVINGS EFFECTED BY USE OF PRICE TYPE WR

Source of Information	General #1	Machine Days Multiplied by number of Girls Required Per Machine	Col. 1 divided by Col. 2	Two Times Col. 3	General #9		Col. 4 divided by Col. 5	See 10-D
	1	2	3	4	5		6	7
Fiscal Year	Total Wrapping Payroll	Total Girl Days	Cost Per Girl Day	Cost Per Machine Day	Red. Avg. Production Per Day *Max. obtained in last Quarter of 1912* (*1060*)		Cost Per Box on Red.	Condon Sealer Production Per Day *Max. obtained in 2nd Quarter of 1913* (*2675*)
Aug. 24 to end of 1914	$ 16,700.62	6180½	$2.70213	$5.40426	1060	*881*	.005098	2675
1915	$ 47,816.75	18729½	$2.55302	$5.10604	1060	*636*	.004817	2675
1916	$ 74,018.15	27526	$2.68903	$5.37806	1060	*825*	.005074	2675
1917	$ 94,882.43	31526	$3.00966	$6.01932	1060	*724*	.005678	2675
1918 to Nov. 12	$103,548.77	25859½	$4.00428	$8.00856	1060	*675*	.007555	2675
Total								

WRIGLEY 64—BUCK 43

CHICAGO

PRICE TYPE WRAPPING MACHINES KL AND KLM FROM AUGUST 24, 1914 TO NOV. 12th, 1918, IN WRAPPING SS GUM.

KL —Price type loose wrapped (Self-Sealing Package
KLM " " Single Stick (With or Without Self-Seal)

	See 10-D	Col. 4 divided by Col. 7	See 10-C	Col. 4 divided by Col. 9	Sum of Columns 6, 8 & 10	General #7	Col. 4 divided by Col. 12	Col. 11 Minus Col. 13	General #7	Col. 14 Multiplied by Col. 15	General #11 Supplemental	Col. 17 divided by Col. 15 Multiplied by 100	Col. 16 Multiplied by Col. 18
	7	8	9	10	11	12	13	14	15	16	17	18	
er ed.	Condon Sealer Production Per Day *Max. obtained in 2nd Quarter of 1913 (2675)*	Cost Per Box of Condon Sealer	Bander Production Per Day *Max. obtained in last Quarter of 1912 (1399)*	Cost Per Box of Bander	Total Cost Per Box of Red. Cond. Bander Comb.	KL & KLM S. S. Production Per Day	Cost Per Box of KL & KLM S. S.	Saving per Box KL & KLM S. S. over Red., Cond., Bander	Boxes Produced on KL & KLM S. S.	Total Savings on KL & KLM S. S.	Amount of Doublemint Wrapped in Self-Sealed Pkg. as Accounted For	% of Doublemint to Total	Savings Accruing to Doublemint on Account of Wrapping with Self-Sealing Wax Paper on KL & KLM Machine
3	2675 *2375*	.00202	1399 *1267*	.003863	.010981	1594	.00339	.007591	4,081,666.5	$ 30,983.93	1,015,878	24.889	$ 7,710.57
7	2675	.001909	1399 *1152*	.003650	.010376	1666	.003065	.007311	12,496,631	91,362.87	3,077,493	24.621	$ 22,494.45
4	2675	.002010	1399 *1022*	.003844	.010928	1568	.003430	.007498	14,896,887	111,696.84	3,750,026	25.173	$ 28,117.45
3	2675	.002250	1399 *980*	.004303	.012231	1512	.003981	.008250	15,651,635	129,126.11	3,828,191	24.459	$ 31,582.96
5	2675	.002994	1399 *1029*	.005724	.016273	1700	.0047109	.0115621	12,864,537	148,741.06	3,178,450	24.707	$ 36,746.28
										$511,910.81			$126,651.71

Doublemint wrapped in the self sealed package as accounted for, in the factory production report as shown on sheets or rather pages 441 to 445 of this record, or approximately in that location.

5726 With the exception that the totals as shown under column 17 do not include such Doublemint gum as was wrapped in self sealing wax paper. Inasmuch as we show under column 15 the total quantity of the self sealed type of gum as produced on the KL and KLM type machines and under column 17 the total quantity of Doublemint gum produced on the KL and KLM type machines of the self sealed style, by comparing the figures as given in columns 15 and 17 we get the figures as shown in column 18 which represents the proportion of Doublemint in the self sealed style as compared to the total produced in the self sealed style.

In column 18 of Buck 43, written above the number of that column, I see "column 17 divided by column 15 multiplied by 100". I will explain what I mean by the
(4110) expression "multiplied by 100". We multiply by 100 in order to get a percentage figure. The figures under column 18, for instance, under line for 1914, shows 24.889. This technically should be written as 24.889%.

5727 Those fractions or percentages will be found by dividing the figures in column 17 by the figures in column 15.

As to whether I have to do any multiplying by 100 or anything else, I will say, you cannot ordinarily divide a smaller quantity by a greater figure unless you point off your places to make it show as a percentage. Under column 16 we show the savings in dollars effected by the use of KL and KLM machines of gum wrapped in self sealed style covering all the gum wrapped during the period in question of this style. Inasmuch as we have found by the figures under column 18 the percentage of Doublemint wrapped in the self sealed style by the KL and KLM machines, we have shown under column 19 the saving that has accrued to Doublemint by wrapping the self sealed five-stick packages of Doublemint on the KL and KLM machines as compared to what it would have cost in wrapping the same quantity of gum by means of the Redington-Condon-Bander type.

5728 The total savings so ascertained for Chicago alone during the accounting period amount to $126,651.71. As to how this saving compares in dollars with the savings

which I gave previously, where I did not take into consideration the amount of gum wrapped in self sealing packages, by itself, I will say this is the only computation that I have made covering exclusively the accounting period, but it is apparent that this saving accruing to
(4111) Doublemint is larger than it would have been if all the gum had been considered because it is only the gum wrapped in the self sealed style that receives the greatest benefit as a result of operating the Price type machines as compared to the other method.

The red ink notations on Buck 43 are the same, as I recollect them, as the corresponding figures as shown on previous reports of similar nature; that is, I mean as shown in red ink on those other reports.

I wish to expalin in this connection that the red ink
5729 figures as shown for the years 1914 and 1918 cover the averages for the same period as shown on Wrigley Exhibit 64: Buck 15, and therefore do not necessarily represent the averages specifically as recorded on Buck 43 for the period of 1914 and 1918 as shown in Buck 43. That is, in this last Exhibit I have taken the highest average productions in making my computation of these savings of the old machines, and have shown in red ink the actual productions for the same periods whenever that has been done, with the exception, as I stated before, but the reason why we did not recalculate the actual average production on the Redington machines from August 24th to the end of 1914 and from the start of 1918 to November 12th was we did not intend to use those specific figures, but in order to save time we merely used the same red ink figures as we had shown on Buck 15.

I am positive that the red ink figures for those periods were not as large as the figures that I used. I am positive that the Larson Company got the benefit of my
(4112) method of calculation.

5730 I have prepared a statement showing the savings in Chicago alone resulting from the use of the sheeting machine inventions during the accounting period, or, say from August 24, 1914, to November 12, 1918.

(Witness produced the statement referred to; it was offered in evidence as Wrigley Exhibit 64: Buck 44, and was admitted over the objection of Mr. Aldrich.)

5731 Said Wrigley Exhibit #64: Buck No. 44 is, in form, similar to Wrigley Exhibit 64, Buck No. 17, but covers

only the period from August 24, 1914, to November 12, 1918, and shows the following Chicago Sheet Machine Savings:

1911 Aug. 24 to end 1914	$7,890.65
1915	25,163.74
1916	27,557.60
1917	50,755.65
1918 to Nov. 12 1918	63,185.17
Total Savings	$174,552.81

(4113) Buck 44 has been prepared by following out the
5732 same principles and ideas as were used in preparing Wrigley 64: Buck 17, but Buck 44 confines itself exclusively to the period August 24, 1914, to November 12, 1918.

I have before me column 3 of Buck Exhibits 44 and 17. We find the same figures during 1915, 1916 and 1917; but the figures in column 3 of each of those two Exhibits pertaining to 1914 and 1918 differ. I will explain the reason for those differences.

On Buck 17 under column 3 the figures as recorded, $2.04, represent the "cost per thousand pounds with sheeting machine" covering the full year of 1914, while on Wrigley Exhibit 64: Buck 44 the figures under column 3 for 1914 represent "cost per thousand pounds with sheeting machine" specifically for the period as recorded, August 24th to end of 1914. And this same situation holds good for the figures as shown under column 3, Buck 44, for the year 1918. In other words, on Buck 44 for the year 1918 the figure under column 3
5733 represents the average cost per thousand pounds by the use of the sheeting machine for the period up to and inclusive of November 12, 1918, while on Buck 17 it covered the whole year.

The same explanation applies to column 5 in Buck 17 and Buck 44 with respect to the differences shown on those two exhibits for the year 1914 and the year 1918, and likewise affects the figures for the years 1914 and 1918 on Buck 44 under columns 6 and 7.

The total saving in Chicago alone during the accounting period resulting from the use of the sheeting machine
(4114) inventions was $174,552.81.

I have prepared a statement showing the savings in depreciation and interest resulting from the operation of the so-called Price machines and inventions in the Chicago factory alone from August 24, 1914, to November 12, 1918.

Buck 44 shows the savings applicable to all of the gum that was made during the accounting period at the Chicago factory alone by using the sheeting machine in-
5734 ventions. The proportion of the savings shown on Buck 44, namely, $174,552.81 apportionable to the Doublemint gum made in the infringing package is the proportion that the Doublemint made in the infringing package bears to the total amount of gum turned out for the period. By "infringing package" I mean the enjoined package.

(Mr. Aldrich then stated to the witness that the proportion as shown by the original report averaged, as Mr. Aldrich recollected it, during the entire period, 15.70%, which seemed to differ from the proportion named in column 18 of Buck 43. The witness assented and said that was because there was a larger proportion of Doublemint wrapped in the sealed package by the KL and KLM machines, as compared with all other gum; and that in explanation he would state that quite a quantity of gum was turned out during the accounting period in a style which was not wrapped in a self sealing
5735 type. The percentage of Doublemint gum wrapped in self sealed packages as compared with other gum thus
(4115) wrapped is larger than the percentage of Doublemint gum wrapped in self sealed packages to the total gum.)

I have prepared a statement showing the savings at the Chicago factory alone from August 24, 1914, to November 12, 1918, effected in interest and in depreciation by the use of the Price wrapping machine inventions.

(The witness produced said statement. It was offered, and received in evidence, as Wrigley Exhibit 64: Buck 45.)

5736 Said Wrigley Exhibit #64: Buck 46 is similar to Wrigley Exhibit 64, Buck No. 18, except that it covers only the period from August 24, 1914, to November 12, 1918, and it shows total savings at the Chicago factory in depreciation and interest by operating "Price" in-

stead of wrapping gum by "Redington", "Condon" and "Bander" method,

1914 (From Aug. 24)	$ 3,201.52
1915	10,165.93
1916	9,968.55
1917	10,515.99
1918 (To Nov. 12)	11,073.12
Total	$44,925.11

(4116) The same principle has been used in compiling the 5737 figures as shown on Wrigley Exhibit 64: Buck 45 as were used in compiling Wrigley Exhibit 64: Buck 18, but it must be borne in mind that the figures as recorded under the years 1914 and 1918 represent the ones applicable for the shorter periods as shown. In other words, while on Buck 18 the figures for 1914 cover the whole year, yet on Buck 45 they only cover the year from August 24th on. And the same situation holds good for the year 1918 in that Buck 45 only covers the period from the start of the year to November 12th inclusive.

I can give an illustration of where in Buck 45 will be found different figures from those used in Buck 18 in 5738 either 1914 or 1918.

Under column 1 for the year 1914 is recorded opposite the Price machine a figure of 1594 while on the corresponding position on Buck 18 is recorded a figure 1556. The reason for the difference is that the figure 1594 on Buck 45 represents the average production on the Price machines from August 24, 1914, to the end of that year while on Buck 18 the figure 1556 represents the average Price production per machine for the whole year.

A similar explanation is applicable to the figure of 1700 on Buck 45, line 1, and the figure 1717 on Buck 18, bottom of line 1.

The total amount saved at the Chicago factory alone during the period of time from August 24, 1914, to November 12, 1918, in depreciation and interest, by use of the Price wrapping machine inventions, is $44,925.11, (4117) with interest figured at the rate of 7%, and with depreciation figured at the rate of 10%.

I have made an apportionment to Doublemint of the 5739 item in question; I haven't the figure with me, but it would bear the same proportion for each year as the percentage figures as shown on Wrigley Exihibit 64: Buck 43.

I have been requested to prepare a statement showing the amount of savings in depreciation and interest in the Chicago factory alone during the accounting period occasioned by the use of the Price wrapping machine inventions, calculating interest at 6% per annum and also at 5% per annum. Such totals are in conjunction with other totals as recorded on sheets headed "Recap of Savings", which are not in the record yet.

I will state what the total savings were on the basis of 6%, and 5%, respectively, as compared with the $44,925.11 shown on Buck 45, column 12, where it is figured at 7%. At 6% it amounts to $42,282.47. At 5% it amounts to $39,631.81.

5741 November 28, 1922. 10:30 A. M.

5743 I produce a sheet entitled "Chicago Sheeting Machine Savings during accounting period as accruing to Doublemint."

(Mr. Mayer offered the sheet in evidence. It was received in evidence, and marked Wrigley Exhibit 64: Buck 44-A.)

5744 (Wrigley Exhibit 64: Buck 44-A)

(4118) Buck 44-A shows the portion of savings indicated
5745 on Buck 44 which is allocatable to Doublemint by the use of the proportions shown in column 8 of Buck 44-A. The proportions or percentages, as shown in column 8, Buck 44-A, represent the percentage of Doublemint gum as accounted for in our production records sheeted through our patented sheeting machine as compared to the total amount of gum otherwise sheeted.

The amount accrued to Doublemint because of the savings from the use of the sheeting machine during the accounting period, at Chicago alone, was $28,921.39. That is shown in column 9 of Buck 44-A.

I produce a sheet entitled "Chicago Factory. Supplementary. Savings in Depreciation and Interest by Operating 'Price' Machines instead of wrapping gum by 'Redington', 'Condon' and 'Bander' method as Accruing
5746 to Doublemint." It is supplementary to Wrigley Exhibit 64: Buck 45.

(Mr. Mayer offered in evidence the statement thus produced by the witness. It was received in evidence and marked Wrigley Exhibit 64: Buck 45-A.)

5747 (Wrigley Exhibit #64: Buck 45-A.)

(4119) Buck 45-A shows the amount allocatable to Double-
5748 mint of the savings during the accounting period at the

Chicago factory alone in depreciation and interest because of the use of the so-called price machines or inventions which I have described instead of wrapping gum by the Redington, Condon and Bander machines. The interest is figured at 7%. The amounts so shown allocatable to Doublemint at the Chicago Factory during the accounting period is $11,117.11. The figures as shown under column 4 of Wrigley Exhibit 64: Buck 45-A represent what the percentage of Doublemint as accounted for, wrapped in self sealed wax paper, is in proportion to the total amount of gum wrapped in self sealed wax paper covering said period, by the same machines which wrapped the Doublemint.

I was requested to prepare a statement of similar savings as those shown on Buck 45-A, but computing the
5749 interest at 6%, and also at 5% per annum. In view of the fact that in computing the savings as accruing to Doublemint on the basis of six and five per cent the same principles were used as when figuring it at seven per cent, I have not prepared a detailed statement duplicating Wrigley Exhibit 64: Buck 45 and Buck 45-A, but have merely shown the total accruing to Doublemint on the basis of six and five per cent on recapitulation sheets. Those recapitulation sheets are documents to which I intend to refer later in my testimony.

At 6% per annum the savings accruing to Doublemint would amount to $10,463.16. At 5% it would amount to $9,809.21.

(4120) I produce a sheet entitled "Chicago Recap. of Sav-
5750 ings Accruing to Doublemint by being manufactured with patented machinery during accounting period with interest at 7%."

(Mr. Mayer offered the said statement in evidence. It was received in evidence, and marked Wrigley Exhibit 64: Buck 46.)

5751 Said Wrigley Exhibit #64: Buck 46 is as follows:

Buck No. 46. (4120) WRIGLEY 64—BUCK 46

Chicago Recap. of Savings Accruing to Doublemint by being Manufactured with Patented Machinery During accounting Period with Interest at 7%

RECAP OF SAVINGS CHICAGO

	Aug. 24, 1914 to Nov. 12, 1918	Doublemint Proportion
	Savings on all Kinds of Gum	Aug. 24, 1914 to Nov. 12, 1918
1. Savings effected by use of Price Wrapping Machine Inventions	$511,910.81	$126,651.71
2. Savings effected by use of Sheeting Machine Inventions	$174,552.81	$ 28,921.39
3. Savings effected in Interest by use of Price Wrapping Machine Inventions at 7%	$ 18,498.57	$ 4,577.63
4. Savings effected in Depreciation by use of Price Wrapping Machine Inventions at 10%	$ 26,426.54	$ 6,539.48
Total	$731,388.73	$166,690.21

(4121) Buck 46 is merely a recapitulation of Buck 43, Buck
5752 44, Buck 44-A, Buck 45 and Buck 45-A, and it shows a saving applicable to Doublemint as accruing during the accounting period, at Chicago, with interest at 7%, of $166,690.21.

In preparing Buck 46 in order to arrive at the figures in the last column, namely, the amount allocatable to Doublemint I used the same proportions or percentages as are shown in detail covering each period on the Buck Exhibits which Buck is a recapitulation of.

I will explain how I arrived at the proportions which I used in each of the four lines of Buck 46 when I made up the last column on that exhibit. The figures in lines 1, 3 and 4 represent the savings accruing to Doublemint as wrapped in the self sealing rice paper by means of the Price KL and KLM wrapping machines. Only a certain percentage of the total amount of gum wrapped at the Chicago plant was wrapped in what we have termed as the self sealing style. All of the Doublemint as accounted for was wrapped in the self sealing style
5753 by the Price type KL and KLM wrapping machines. Therefore the percentage of saving accruing to the

Doublemint as accounted for should be the percentage that the Doublemint in the self sealing type bears to the total gum wrapped in the self sealing type. These percentages are given in detail on Wrigley Exhibit 64: Buck 45-A under column 4.

In arriving at the figure as shown on line 2 of Buck 44 as accruing to Doublemint we have used the percentage represented by the amount of Doublemint as accounted
(4122) for as put through the patented sheeting machine as compared to the total amount of gum manufactured by means of the sheeting machine.

I used the percentages shown in column 8, Buck 44-A, for that purpose. The sheeting devices that I have referred to were used by the Wrigley Company in the manufacture of all of the gum which they made during the accounting period.

It is a fact that during the accounting period the Wrigley Company made some gum which was not self sealing.
5754 It is also a fact that during the accounting period the Wrigley Company made some gum in connection with which they did not use the Price machines.

I have prepared a computation similar to Buck 46, reckoning interest at 6 instead of 7%, and also at 5%.

I produce sheet headed "Chicago Recap. of Savings Accruing to Doublemint by being Manufactured with Patented Machinery. During Accounting Period with Interest at 6%", showing a total savings on all kinds of gum of $728,746.09, and Doublemint's proportion to be $166,036.26.

5755 I also produce sheet headed "Chicago Recap of Savings Accruing to Doublemint by being Manufactured with Patented Machinery During Accounting Period with Interest at 5%" showing savings on all kinds of gum, of $726,103.43 and Doublemint's proportion, $165,382.31.

(Mr. Mayer offered said statements in evidence. They were received in evidence and marked Wrigley Exhibits 64: Buck 46-A and 46-B.)

5756-7 (Wrigley Exhibit 64: Buck 46-A and 46-B.)

(4123) Doublemint's proportion of the savings at Chicago
5758 alone during the accounting period resulting from the use of the patented machinery to which I have referred amounts to

$166,690.21 at seven per cent;
166,036.26 at six per cent;
165,382.31 at five per cent;

I produce a statement showing the savings effected at the Brooklyn factory by the use of the Price type wrapping inventions KL and KLM from August 24, 1914, to November 12, 1918, the accounting period, accruing to Doublemint.

(Mr. Mayer offered said statement in evidence. It was received in evidence, and marked Wrigley Exhibit 64: Buck 47.)

5759 Said Wrigley Exhibit #64: Buck 47 shows the following:

Aug. 24th to end of 1914	$ 1,630.21
1915	4,335.52
1916	3,778.61
1917	5,882.76
Jan. 1st to Nov. 12, 1918	9,009.86
Total	$24,626.96

(4124) I have already prepared a statement which is in
5760 evidence as Buck Exhibit 21, showing the total savings from June, 1911, to 1918 inclusive at Brooklyn resulting from the use of these Price patented wrapping machines.

Buck 47 is a duplication of Buck 43 except that Buck 47 applies to the savings as accruing to Doublemint on account of the operation of KL and KLM machines at Brooklyn, whereas Buck 43 pertains to the same kind of saving at Chicago only.

The total savings that accrued to Doublemint during the accounting period, at the Brooklyn factory alone, resulting from the use of the Price type of wrapping machines and inventions, was $24,626.96.

I have prepared a statement showing $5901.66 to be the savings at the Brooklyn factory alone that accrued to Doublemint during the accounting period from the use of the patented sheeting machines, that I have referred to.

5761 (Mr. Mayer offered said statement in evidence. It was received in evidence, and marked Wrigley Exhibit 64: Buck 48.)

5762 (Wrigley Exhibit #64: Buck 48.)

(4125) I have shown, in Buck 44, the total savings in the
5763 Chicago factory resulting from the use of the patented

sheeting machines during the accounting period; and in Buck 44-A I have shown the proportion of those total savings applicable to Doublemint.

Column 3 of Buck 48 shows the total savings in Brooklyn during the accounting period resulting from the use of the sheeting machines; and column 5 shows that part that is applicable to Doublemint, namely, $5,901.66.

I have prepared a statement showing the savings in depreciation and interest at the Brooklyn factory resulting from the operation of the Price wrapping machines instead of wrapping gum by the Redington-Condon-Bander method during the accounting period, the pro-
5764 portion thereof that accrued to Doublemint being $2196.14.

(The witness produced said statement. Mr. Mayer offered it in evidence. It was received in evidence and marked Wrigley Exhibit 64: Buck 49.)

5765 (Wrigley Exhibit 64: Buck 49.)

(4126) Wrigley Exhibit 64: Buck 49 is exactly a duplicate
5766 as far as principles involved of Buck 45 and 45-A except that Buck 49 pertains to the Brooklyn factory and Buck 45 and Buck 45-A pertain to the Chicago factory. The savings therefore accruing to Doublemint during the accounting period as a result of depreciation and interest at 7% by operating the Price machines instead of wrapping gum by the Redington-Condon-Bander at Brooklyn amounts to $2,196.14.

I have made a calculation similar to Buck 49, figuring interest at 6%, and also at 5%. At 6%, as applicable to Doublemint, it would amount to $2,066.96; at 5% it amounts to $1,937.77.

I have prepared a recapitulation showing the savings at the Brooklyn factory during the accounting period resulting from the use of the patented machinery and the proportion thereof allocatable to Doublemint reckoning
5767 interest at seven per cent. It is a recapitulation of Buck 47, Buck 48 and Buck 49.

(Mr. Mayer offered said statement or recapitulation in evidence. It was received in evidence, marked Exhibit 64: Buck 50.)

5768 (Wrigley Exhibit #64: Buck 50.)

(4127) Figuring interest at 7%, Doublemint's proportion
5769 of the savings at the Brooklyn factory during the accounting period resulting from the use of the patented machinery, was $32,724.76.

I have prepared a similar recapitulation, reckoning interest at 6%, and also at 5%.

(The witness produced said statements last referred to; Mr. Mayer offered them in evidence; they were received in evidence, and marked respectively Wrigley Exhibits 64: Buck 50-A and Buck 50-B.)

5770 Said Wrigley Exhibit #64: Buck 50-A and Buck 50-B show that if interest be figured at six per cent said savings on all kinds of gum at Brooklyn would amount to $210,836.37, of which Doublemint's proportion would be $32,595.58, and figured at five per cent, said savings on all kinds of gum would be $210,017.39 and Doublemint's proportion, $32,466.39.

(4128) I have prepared sheets showing the savings effected
5772 at the Toronto factory up to the end of that factory's 1915 fiscal year by the use of the Price type wrapping machines and inventions that I have described, and also from the use of the sheeting machines that I have described, and the proportion of those savings allocatable to Doublemint, and figuring interest at 7% and 6% and 5% similar to the statements showing earnings resulting from the same means in the Chicago and Brooklyn factories. The sheets which I have prepared for the Toronto plant correspond to similar sheets prepared for the Brooklyn plant which have already gone into the record as Buck Exhibits 47 to 50-B, inclusive.

(Mr. Mayer offered in evidence the sheets pertaining to the Toronto factory which had just been referred to by the witness. They were received in evidence, and marked Wrigley Exhibit 64: Buck 51, 52, 53, 54, 54-A and 54-B, inclusive.)

5774-5783 (Wrigley Exhibits 64: Buck 51 to 54-B inclusive.) Said Buck 51 shows that the savings effected at Toronto from August 24, 1914 to and including 1915 by use of Price Type Wrapping Machines KL and KLM amounted to $10,945.15, of which there accrued to Doublemint $1918.10. Said Buck 52 shows that the Toronto sheet machines savings during the accounting period amounted to $2613.02, of which there accrued to Double-

(4129) mint $523.36. Said Buck 53 shows the Toronto total savings in depreciation and interest by operating Price machines instead of wrapping gum by "Redington", "Condon" "Bander" method from August 24, 1914 to and including 1915 to be $1271.68, of which there accrued to Doublemint, calculating interest at seven per

cent $222.02. Said Buck 54 shows Toronto recapitulation of savings accruing to Doublemint by being manufactured with patented machinery during the accounting period with interest at seven percent, amounting to $14,829.85, of which Doublemint's proportion is $2,663.48. I have prepared a recapitulation of all the savings to which I referred that accrued to Doublemint because of the use of the Price and Sheeting Machine Patents and Inventions covering the entire accounting period at Chicago and Brooklyn and covering 1914 and 1915 at Toronto and also showing Doublemint's proportion of those savings and have figured interest at seven per cent, six per cent and five per cent.

5782 (Mr. Mayer offered said statement in evidence and it was received in evidence and marked Wrigley Exhibit 64, Buck 55, and is as follows):

(4130)

WRIGLEY 64—BUCK 55

RECAP OF SAVINGS ACCRUING TO DOUBLEMINT
by being manufactured with Patented Machinery.

	CHICAGO - - BROOKLYN - - TORONTO				
	Chicago	Brooklyn	Toronto	Total	Doublemint Proportion
1. Savings effected by use of Price Wrapping Machine Inventions	$511,910.81	$155,826.26	$ 10,945.15	$678,682.22	$153,196.77
2. Saving effected by use of Sheeting Machine Inventions.	$174,552.81	$ 41,906.52	$ 2,613.02	$219,072.35	$ 35,346.41
3. Savings effected in Interest by use of * Price Wrapping Machine Inventions at 7%.	* $ 18,498.57	* $ 5,732.81	* $ 523.63	$ 24,755.01	$ 5,573.34
4. Savings effected in Depreciation by use of Price Wrapping Machine Inventions at 10%.	$ 26,426.54	$ 8,189.74	$ 748.05	$ 35,364.33	$ 7,961.93
TOTAL	$731,388.73	$211,655.33	$ 14,829.85		
GRAND TOTAL				$957,873.91	$202,078.45
*Interest at 6%	$ 15,855.93	$ 4,913.85	$ 448.83	21,218.61	4,777.15
*Interest at 5%	$ 13,213.27	$ 4,094.87	$ 374.03	17,682.17	3,980.96

Grand Total of Savings accruing to Doublemint as accounted for by using Patented Machinery.

at 7% $202,078.45
at 6% $201,282.26
at 5% $200,486.07

(4131) Buck 55 covers a recapitulation of savings accruing
5784 to Doublemint by having used the patented machinery during the periods accounted for, figuring interest at 7% and at 6% and at 5%; the grand total savings accruing to Doublemint at Chicago, Brooklyn and Toronto during such accounting period with interest at 7% amounts to $202,078.45; figured with interest at 6% it amounts to $201,282.26; with interest at 5% it amounts to $200,486.07.

I have now produced all the statements which I have been requested by the Wrigley Company's counsel to prepare.

5786 December 26, 1922. 10:30 A.M.

Cross-Examination of Nelson L. Buck by Mr. Aldrich.

In connection with duties as assistant superintendent of production, and later as superintendent of production,
5758 it was part of my duty to pass upon the machinery by which production was accomplished, at least in an advisory capacity, during all of this period. My duties in this respect increased after I became the production manager. As to what extent, I will say, any matter that could be finally settled on the production end of the company without referring it to the higher officials of the company would be settled by me; if it was a matter that involved a question which I did not care to take the responsibility on, then I conferred with other officials of the company,
(4132) and we decided on those matters jointly.

After I became the general manager of factories as far as I can remember now, all matters pertaining to
5788 production came under my supervision and no matter, in other words, that was of any consequence would be handled or passed upon without having first been brought to my attention. Previous to the time that I became general manager of the factories, or before I became superintendent there may have been some matters pertaining to machinery, improvements, and so forth, which may not have come to my attention before they were finally decided.

After I became general manager of production I would say that all questions relating to the machinery by which gum was produced were primarily my questions. As to

what extent I had to refer to other officials of the company before making a purchase of a machine like the Redington or the Condon or the Price machines, I will say, referring specifically to the Price contract of 1910 which has already been offered in evidence, that matter involved a large sum of money; if gone into, it meant a big step differentiating it from the type of machines which we had used previous to that time; it involved an obligation covering a turn of years, and matters of that sort would usually be decided in conference between myself and the
5789 other officials or heads of the company.

I did not specifically say any sum with reference to the Price contract, but it involved large expenditures over a period of years as covered by the contract, or during the carrying out, the fulfillment of the contract. As to
(4133) whether that was also true of other machines concerning which I have testified, I will say it all depended upon the individual case. If we ordered or were contemplating ordering a number of banding machines or Condon machines, the delivery of which was to be spread over a period of time and involved quite an expenditure, the matter probably would have been taken up in conference with some of the other officials of the company.

5791 The contract of 1910 with A. M. Price covers the rights which we received on all Price machines purchased beginning with the K type machine. That contract is in the record. It was the first contract that was made with Price, either by the Zeno Company or the Wrigley Company. I have produced here and refererd to the earliest contract that we made with Mr. Price covering the type of machines which we have referred to here. I am not
5792 sure, but I think we had contracts with Price prior to the contract which I have produced and put in the record, with reference to other wrapping machines. We did have one that went back to 1904, and I am not sure whether it is available now or not. It may have dated back as early as 1903. It was made between A. M. Price and the Zeno Manufacturing Company.

After the merger took place there were documents drawn up all of which had bearing and referred to the
5793 contract which we have already produced in evidence. In making this statement I do not necessarily differentiate between documents drawn up and contracts with either the Wrigley Company or the Zeno Company with Mr. Price.

5794 There have been contracts or documents. A contract
(4134) in my interpretation might be interpreted as meaning a document in itself not having any reference to any previous contract, but in view of the fact that these other documents or agreements that had been drawn up with A. M. Price all dovetailed into the original contract, I term these latter papers more as documents or agreements rather than a contract.

There was only one contract or agreement which we have produced in evidence and which we have claimed
5795 has any reference to this case with A. M. Price and that is the contract of 1910, and no other contracts are in any way dovetailed or involved with A. M. Price, whether between A. M. Price and the Zeno Company or A. M. Price and the Wrigley Company, so far as wrapping machines are concerned, as I interpret the situation.

I believe there were other contracts with reference to gum machinery of some kind between Price and the Zeno Company prior to the contract which has been offered in evidence.

5796 We did install and use for a time in our manufacture of gum an earlier machine, which was known as a Price machine, which we purchased from some one other than Mr. Price. I cannot tell off hand how many of those there were. There were several.

5797 As to whether in describing our annual production
5798 from July 1, 1907, to July 1, 1908, it was my intention to give the master to understand that other gum manufacturers were handling gum manually in sheeting, scoring and trimming it, as I described our practice, I will
5799 say, in the first place I do not wish to infer that we handled our gum entirely manually, but it was manual labor in conjunction with machinery. Neither do I wish to imply that other gum manufacturers used the same
(4135) identical method as we did, but I wish to imply and I know it to be a fact that other manufacturers were not able to produce gum in their manufacturing room any cheaper per thousand pounds of gum produced than by the method which we used.

It is not correct to say that I said the gum was taken from one set of rolls to another manually. We had no conveying belts between the rolls to carry the sheets of different thicknesses from one set of rolls to another.

5800 We took care of the gum as it left the rolls by a combination of manual and mechanical means, the

mechanical means of which is brought about by the fact that the gum as it passes through the rolls is naturally passed ahead, and we assisted that movement manually, but it was by a combination of manual and mechanical means that the gum was pushed. That's the reason I want to make the differentiation. The gum was pushed forward by the rolls themselves, and not otherwise. There were no conveying belts.

I did not describe the process by which the people employed in getting the gum from one set of rolls to another used their arm as well as their hands. They used their
5801 arms in assisting to take the gum sheet as it came off the set of rolls.

The rolls we used consisted of two rolls only, and we did not convey the gum from one set of rolls to another set of rolls at all, and I did not make any such statement, except when the gum had been reduced to the desired thickness preparatory to being marked into sticks. That is the only place where we conveyed it from one set of rolls to another.

(4136) (Mr. Aldrich stated: I had understood Mr. Buck, from your testimony, that you had more than one set of rolls. I do recall that you spoke after the gum had gone through the rolls and make a thick sheet that the rolls were adjusted so that it again went through and made a thinner sheet, and so on, until it was finally reduced to the thickness desired. Was that all done on one set of rolls?)

The Witness: (Continuing) In the first place the counsel's inference is wrong technically, but I think the purpose of the question is clear to me; and for one batch of gum such gum was handled through one set of rolls until it was reduced down to the proper thickness preparatory to going into the gum cutters.

5802 When I speak of one set of rolls I mean one roll above another, and so arranged that they could be regulated or adjusted to make the substance which passes between them of different thicknesses. Counsel's question was correct in assuming that the first gum from a batch that went through this set of rolls was of a much greater thickness than was ultimately desired; and it is true that the same set of rolls was then adjusted to decrease the distance between the rolls, so as to make the sheets which had been first produced of less thickness when it went through the second time; and that process was continued,

until the gum had been reduced to the desired thickness; and that was all done with respect to the gum in one batch on the same set of rolls. We had different sets of rolls, so that more than one batch could be operated at the same time.

(4137) We had no set of rolls in 1907 and 1908 in line one 5803 with another and differently adjusted so that when the gum had passed through the first set it could go on, either manually or otherwise, to the next set, and so on continuously until the desired thickness had been made or reached.

I did not say that when the gum came through a set of rollers, the set of rollers pushed it forward to the next set of rollers. The gum as it came from this set of rollers when they were adjusted for the greatest thickness, that is, the first operation for the batch, was re- 5804 ceived on a table mounted on the set of rollers.

It was necesary to use manual labor in order to deposit the sheets one above the other. The sheets in the first operation from the batch were from four to six feet long.

In 1907 and 1908 a batch of gum weighed about 283 pounds. The first sheet that came through from the batch did not exhaust its weight. We did not place another board above the sheet that had been deposited 5805 on this board four to six feet long, to receive the next sheet. It was placed right on the gum. We used sugar, and a slight amount of starch, for rolling purposes, to prevent their sticking together.

As to how many of these thicker sheets, being the first ones from the batch, our batch of 283 pounds made, I will say that I see that one of my previous answers was technically wrong. The first sheet that came through from a batch was first divided up or cut up into pieces the width of the sheet by about 10 to 15 inches in length, and these pieces were picked up and piled in tiers to the rear or in front of the operator who had previously (4138) assisted to bring the sheet through after it had passed through the rolls; and I previously stated that one of these large sheets was deposited on top of another, which was not correct at that time. The process of cutting up each sheet was repeated, as one sheet was disposed of, and another took its place, for all gum that had gone through the rolls for the first time. And then these pieces were fed by the operator of the rolls after the

rolls had been adjusted to a less difference between them. The second sheets or the sheets arising from the second operation were not cut up. After the second operation they ranged from four to six feet long.

I will explain how these sheets in the second operation were again fed to the rolls, taken from the board and put through the rolls. The operator would take the far end of the sheet and fold it back towards the gum rolls, feed the side end first through the rolls and then the rolls would automatically pull the remainder of the sheet through. The movement of the rolls were reversed between each operation.

I don't remember from whom we purchased these rolls
5807 that were used in 1907. We purchased them from time to time from different companies. At one time we had them manufactured by the National Biscuit Company, another time by, I think the name of the firm was the Waterman Bakers Machinery Company. In 1907 the manufacturers of gum machinery existing in the United States that I know of were F. B. Redington Company, Chicago; Clough & Witt, in Ohio; the Berger Machine Company, provided that they were in existence at that time, or at least that particular organization that were manufacturers of chewing gum machinery. I won't say specifically they manufactured any rolls. From my in-
5808 terpretation of sheeting machines there was not any ones who were making what we call sheeting machines.
(4139) There were several firms that made machines for reducing lumps or masses of gum into sheets, but personally I would not call them sheeting machines. I would call them gum breaks. By "breaks" I mean something that breaks down the gum into smaller sizes. It also makes them into sheets.

As to why I think the question of a name is important, I will say we have always used the words "sheeting machine" as referring to that type of machine such as we have termed the sheeting machine like the machine which we have already produced in evidence. Until that type of machine was used we never considered that there was any machine on the market that might be termed a sheeting machine.

Now, that the question has been limited to sheeting machines, I would like to change my answer. The following made sheeting machines in 1907: National Bis-
5809 cuit Company, Clough & Witt, F. B. Redington Com-

pany, Westerman Bakers Machinery Company, and other machine shops making heavy machinery on special arts. Those are all that occur to me now.

I think it is a fact that machines for the purpose of reducing masses of material to sheets were used both in the biscuit trade, using the term "biscuit" in a broad way, and also in making candies, in making rubber goods, and many other arts or manufacturers, at that period.

The name of Thomas H. Mills & Company, Philadelphia, now occurs to me.

I would not care to make a definite statement about their manufacturing of sheeting machines for Fleer, who was engaged in the gum manufacture in Philadelphia prior to 1908, because I would have to think about it a little bit to see if I could refresh my memory. My recollection is that we commenced using the Condon ma-
(4140) chine we have April 22, 1912. The proper date ap-
5810 pears in the record. I do not specifically remember of whom we purchased the first Condon machine that we used, but I think it was the Condon Machine Company, or some such similar name, whose business or manufacturing establishment was in one of the Bush Terminal Buildings, Brooklyn, New York. The Condon machine was the first machine that sealed the package. We installed several of these Condon machines after the trial of the first one. My impression is that it was three or
5811 more. I don't remember the largest number of Condon machines we employed before they were superseded by the Price machine. I can ascertain that. The Condon machine preceded the use of the KL type machine. The Price K machine did not seal the package. In using the
5812 word "Price" in this testimony we have differentiated in all cases the K from the KL and the KL from the KLM. The types of Price machines which are capable of sealing each package of self sealing wax paper are the KL and KLM.

The Condon machine, from the date of its installation, was used principally on Spearmint.

5813 In order to definitely answer the question as to what other brands of gum we used the Condon machine on in affecting the sealed package, I should first find out when we discontinued operating the Condon machines, but I would estimate that we used the Condon machines for self sealing Spearmint, Doublemint and Wrigley's Picnic. That's true with reference to Spearmint from the

date of the installation of the first Condon machine. It was only after July 28, 1914, after we started to produce Doublemint gum that we sealed any Doublemint, if that is the accounting date. Only a part of Spearmint was continuously sealed from April 22 until July 28, 1914, and
(4141) subsequent thereto.

5814 I am unable to say the percentage. Our production record will show. There were gums other than Spearmint sealed between April 22, 1912, and July 28, 1914. Picnic was one. There may have been some others, but I don't remember. By Picnic I do not mean PK's. It
5815 is another brand of gum. I would say there were others besides Spearmint and Picnic, but I would not say definitely until I look.

As to where the Spearmint gum was that we sealed between April 22, 1912, and July 28, 1914, I will say that would be a very difficult question to answer without looking up the record. All over the world I would say.

5816 Tuesday, December 26, 1922. 2 P. M.

NELSON L. BUCK, resumed the stand for further cross-examination by Mr. Aldrich:

5817 At the time the first Condon machine was purchased I was an assistant superintendent and therefore I was not placing orders on my own responsibility for machines. Orlando J. Buck was superintendent at that time. He is now deceased.

I don't remember when we bought the first Dellenbarger sheeting machine. I can ascertain that date. As I testified this morning, there were no sheeting machines on the market previous to July 1, 1907, so far as my
5818 interpretation of the words "sheeting machines" is concerned. So far as gum breaks or gum rolls, I believe that practically all of the concerns manufacturing gum at that time used some type of rolls, either hand or power driven, for reducing the gum from the chunk form down into the sheet. My interpretation of sheeting
(4142) machine is a machine that will take the gum as it is received or taken from the mixing kettles and automatically handle that chunk or large mass of gum through the various stages to a point where the gum has been reduced in thickness to the predetermined weight or

thickness. A machine which I call a breaker or gum
5819 rolls is a machine which requires manual labor in conjunction with its use for converting the mass of gum from the loaf or big chunk form down to the point where it has been reduced to the predetermined thickness.

I have never been familiar with a machine put out by the Scranton Button Company of Scranton, Pennsylvania; at least by that name. As to whether I have seen it or heard of it, I am unable to say, from the description.

I don't remember of any machine taking a mass or rubber or composition from which they ultimately desired or did make buttons, passing it through rolls or a series of rolls in such a way that it was reduced to the requisite thinness for the purpose of stamping out the buttons.

I don't remember whether I ever saw machines used in candy factories by which the substance was reduced from a large, thick mass as it came from the melting kettles, and so forth, to thin sheets of predetermined thickness, or sheets of predetermined thickness into which it was cut for the purpose of giving the form to the candies that was desired. I have been through several candy factories. As I remember it now, I did not see any such machine as that prior to July 1. 1907 or during the year, to July 1, 1908.

I don't remember that I ever knew of a machine of the kind described prior to July 1, 1907, to which Mr.
(4143) Aldrich has referred where there was a hopper into
5820 which the materials were put and where it went from the hopper to the rolls, and was reduced to the predetermined thickness as I have stated.

I know of no concern for whom Clough & Witt Company of Cleveland, Ohio, manufacture gum machines for sheeting or breaking the gum mass as it came from the kettles prior to July 1, 1907. I know of no concern to whom Clough, Witt & Company sold the product of their manufacture of such a machine prior to July 1, 1907.

5821 As to whether in 1917 I was in such relation to the Zeno Company that if the Zeno Company had desired to buy such machines of Clough, Witt & Company and had been refused a sale on the ground that they were selling their machine to another gum factory, I would have known it, I will say I may or may not have known of that situation at that time. I am not now aware that such was the situation. I cannot say as to whether I was aware of it

at the time. The fact that such a question is put to me does not refresh to any degree my recollection on the subject.

5823 I am not aware of the machine that White of Cleveland
5824 use for the purpose of sheeting Yucatan. It is my recollection that W. J. White & Company used gum breaks consisting of two rolls somewhat similar but smaller than the gum breaks which we have already offered in evidence. My knowledge on that subject is from what I heard from people who have been in the factory.

From July 1, 1907, to July 1, 1908, I believe the American Chicle Company used the same general type of machine during that period as I have described as having been used by W. J. White & Son. I never personally saw the machine. I have no knowledge of that except hear-
(4144) say.

Nobody ever told me that they used belt conveyors in the American Chicle Company manufacture during that period for the purpose of carrying gum from one place to another and from one set of rolls to another.

5825 I do not know what machine Fleer of Philadelphia used
5826 and when it was constructed for him. If Fleer was using the general type of machines manufactured by concerns making a specialty of manufacturing chewing gum machines, then we knew all about what he was using, but if he was not and had something specifically his own, and which was not being offered to the public, then we had no knowledge of it.

I believe Clough & Witt or Thomas H. Mills & Company manufactured machines specially for gum manufacturers to conform with the needs or desires of such manufacturers.

I don't know what Clough & Witt manufactured either for White or for the American Chicle Company, unless they listed them in their general catalogs or called such machines to the attention of the general chewing gum manufacturers by putting out their catalogs to them, as was usually the case with such companies, otherwise I would not know. The same is likewise true as to any machine manufactured by Thomas H. Mills & Company for Fleer.

5827 I did not state that in the manufacture of gum it was absolutely necessary to follow out each one of the specific operations as I described. I did, however, explain the

method as used by the Zeno Manufacturing Company which was as efficient in labor cost per thousand pounds as any other method used by any other manufacturer, and that knowledge was based upon the knowledge that we had obtained from the salesmen, catalogs, and so forth, representing the companies manufacturing special chew-
(4145) ing gum machinery.

The chief gum manufacturers of that period were the American Chicle Company, Fleer and Colgan; Canadian Chewing Gum Company; I believe Newton was manufacturing at that time, O-Pee-Chee Gum Company, the Pulver Company locally here, the Blue Ribbon Gum Company, Zeno Manufacturing Company, and there were several manufacturers in the south. There were several others. I am not taking a definite statement that they were all doing business from July 1, 1907, to July 1, 1908,
5828 but that is my impression. I cannot make such a statement from memory, but I can look it up and give it specifically.

I am unable to state what Fleer was using at that time for the purpose of sheeting and scoring his gum. I may have means of ascertaining that information with reference to each of the companies that have been named confined to the period that has been named. I will be un-
5829 able to get that information by tomorrow. If I am given time to look it up I will do so. This is information I have not been asked for in advance. I did not know it was wanted.

I think Fleer had a Canadian factory also at that period. I believe it was located in Toronto. I am not able to state definitely what he was using in the year July, 1907, to July, 1908, and prior thereto, from 1905, for the purpose of sheeting and scoring his gum.

As to whether I have any information on that subject, I will say my answer to the question will be the same as
5830 I gave previously which was to the effect that if there were any improved methods over the one which we were using, we would have known about it immediately, and that we had every reason to believe that the method
(4146) which we were using was better, more efficient from every standpoint than any other machine used on the market during that period. I mean by that to say not only that it was better than any other method that I knew about, but I believe it was better than any other method used.

5831 As to whether I am compelled to tell the master that I have no knowledge or information as to what these other leading gum manufacturers were using, I will say we had knowledge through information that we received from the concerns making a specialty of manufacturing such machines. It has been the custom through the chewing gum trade for years and years back for the chewing gum manufacturers themselves not to make their own machinery but to depend upon the manufacturers who are making a specialty of such machines for their machinery, and even though a certain concern may have taken the initiative to get one of these special chewing gum machinery manufacturers to make up a special type of machine, they would immediately or promptly offer such a machine to the other chewing gum manufacturers just exactly the same as was the situation with reference to the Reding wrapipng machine and with reference to several other types of machines which were invented and devised and conceived in the Zeno Manufacturing Company's plant, but on account of the fact that we did not control or have a contract whereby we could specifically control that, they offered them to everybody else.

(On motion of Mr. Aldrich, but over the objection of Mr. Mayer, this answer of the witness was stricken out.)

5835 I have no knowledge as to the sheeting machine designed for sheeting, scoring, and so forth, consisting, as counsel for the Larson Company states, of five sets of rolls with a hopper and connected by conveyor belts (4147) used by the Fleer Company in its Canadian factory as early as 1905.

As to whether I have any information as to what was used in the Fleer factory in 1905 and subsequent thereto, to 1908, in the way of a sheeting machine consisting of a set of five rollers connected with conveyor belts, I will say I may have had information at that time, but may not recollect it now. My answer now is if such a machine was on the market or used we undoubtedly knew about it, but I don't remember the specific instance now.

5838 I have no recollection about the number of rolls that were used in line and connected by belts by Fleer after this machine with five rolls was sent to Canada and installed in Fleer's factory in Philadelphia in 1906. As to whether I knew anything about it at the time I made up the table showing the comparative savings between the use of sheeting machines under the patents which

I have introduced in evidence here as compared with
5839 manual labor, I will say I considered all machines that were then commonly used by the chewing gum trade at the time that I made up the estimate of savings effected by the use of the sheeting machine as already offered in evidence.

As to whether in that consideration I included the Fleer machines at the factory in Canada and the one in Philadelphia, I will say I included all machines that were then universally used or generally used. I included in that consideration the Fleer machines at the factory in Canada and the one in Philadelphia for the reason
5840 that I have perfect confidence in the fact that the method which we were using was superior to any other method of handling gum in a manufacturing department.

As to whether that was without reference to my knowledge of what other people were using, I will say I had knowledge of what other people were using by the in-
(4148) formation which I received through salesmen and catalogs of firms manufacturing special chewing gum machinery. We also received knowledge by coming in contact with employes who had worked in the other factories, chewing gum factories, and our information was based partially on that. The information which I obtained with reference to the White factory was obtained from W. N. Brewer, a resident of Cleveland, Ohio, a man who manufactured gum in Cleveland who had been through the White plant and knew in minute detail all of their manufacturing processes up to the time that the W. J. White Company went into the American Chicle Company.

5841 As I remember it, the extent of my information is that White never had anything but rolls of the same general character that you were using in the year 1907 and up to 1908, only they were smaller rolls than ours; that's what I got from Brewer.

By the use of the phrase "as I remember it" I mean that information which one has received at a period ten to twenty years previous to the present date of necessity has to be somewhat qualified as to the absolute information which you received. I would not apply the same rule as to what I have taken into consideration in forming this table as I have applied to the information I received with reference to White's factory because every department in the chewing gum factory of the

Zeno Manufacturing Company was able to produce gum cheaper per thousand boxes of gum produced than any other factory, and that was borne out by all chewing gum machines from the information that was brought to us.

5842 We did not use any conveyor belts after the period referred to. The method used by the American Chicle Company during the period of 1907 to 1908, July to July, was a method that was, to the best of my knowledge, not as efficient as the one which we were using. I don't remember specifically who manufactured the ma-
(4149) chines that were then used by the American Chicle Company, because they were buying from many concerns like the majority of other chewing gum manufacturers were.

Chewing gum manufacturing machinery salesmen came in and told us what they were furnishing to other chew-
5843 ing gum concerns. I cannot say specifically, if any, Clough & Witt manufactured for the American Chicle Company for the purpose of sheeting gum.

In preparing this comparative statement between the advantages of machinery for sheeting and scoring gum and manual labor methods, as shown in the sheet which I have made a part of my testimony, I wanted the master to understand that it was necessary for a gum manufacturer to use the same manual labor during the period from July 1, 1907, to July 1, 1908. I did not specify that it was exclusively manual labor.

As to what means I had for knowing from July 1, 1907, to July 1, 1908, what it cost the American Chicle Com-
5844 pany to sheet and score gum, I will say they were using rollers which were manufactured by companies making a specialty of chewing gum machinery.

I don't know any more as to who made their machines than anybody could come into our plant and say who made one specific machine as compared with another. Those two machines were alike. One may have been made by one company and one by another.

We knew what the American Chicle Company was using from July 1, 1907, to July 1, 1908, from information which we received through catalogs, salesmen and employes. That is the only information I have, as I remember now. I am positive their method was not more efficient than ours. I cannot tell you specifically what method they were using. I don't know who made their

machines. I would not say that Clough & Witt did not make their machines. I don't know specifically what type of machines they made for them. Our knowledge
(4150) with respect to the other gum manufacturers then
5845 engaged in manufacturing gum, from July 1, 1907, to July 1, 1908, was received from salesmen and from manufacturers of special chewing gum machinery, and we received our knowledge from that source as well as from employes who had been working in these companies.

I don't know whether the Condon machine was covered by a patent, but I presume it or certain parts of it was. It was by that machine that the Wrigley Company first sealed its packages by machinery in wax paper. We sealed our package in wax paper, the five sticks into one package, prior to the use of the Condon machine in April, 1912. That gum was Spearmint. We did it just in an experimental way and not in a commercial way. We sealed Spearmint on the Condon machine from April 22, 1912, in a commercial way; that is, a certain percentage of it. It started small and it increased as it went along. It increased as fast as we would increase it by purchasing new and additional machines. Those were new Condon machines at first.

5847 I know we had at least three Condon machines sealing Spearmint gum prior to the completion of the Price machine, which superseded the Condon machine, but as to whether we had more, I will have to look it up.

5848 As to whether the Price machine when completed superseded the Condon machines or whether we continued to use the Condon machines, I will say by the Price machine I presume reference is to either KL or KLM Price machines. The KL Price machine was built and used subsequent to the time that we used the first Condon sealer, and the like situation holds good with the Price KLM machine, and we used the Condon machine for a certain period in conjunction with the use of the Price type self sealing machines. That was for a period after December 18, 1912.

(4151) The date of December 18, 1912, was the first date
5850 that we operated a KL type of machine. The KL ma-
5851 chine puts self sealing wax paper around each package and seals it. I cannot answer the question as to when we began to advertise the fact that we were putting out our gum in sealed packages.

I would not consider my dates inaccurate as I have

given them here of the use of the Condon machine and of the KL machine and the KLM machine if it should be developed that our first advertisement advising the
5852 world that we had adopted as new a sealed package appeared in March, 1914. I would not say the advertisements were inaccurate. It is very likely that we were certainly selling our gum in March, 1914, as advertised if such is the case, I don't know.

Up to the time that we purchased the Condon machine I doubt very much as to whether that particular company ever manufactured any chewing gum machinery previous to that time. The three machines so far as I know could have been purchased by any company who was well rated, and so forth.

I have no information as to whether the Condon machine is a machine to seal any package and could be built for any sort of a package and not confined to gum packages. I presume it may be made to seal any package.

So far as I know, from the time we purchased the first Condon machine in April, 1912, any gum manufacturer having the money or the standing could purchase the
5853 machine if it desired. That was true also of the Redington machine.

F. B. Redington Company was the first firm that we ever negotiated with for a bander.

The Package Machinery Company was a consolidation of several wrapping machine companies.

(4152) F. B. Redington Company was not merged into it so far as my knowledge was concerned. The Condon was not merged. However, it might have been.

The Redington patents covering wrapping machines,
5854 as far as I know, were taken over by The Package Machinery Company. I haven't any specific knowledge about whether the Condon patents were taken over by the Package Machinery Company, but from the fact that the Package Machinery Company listed the Condon self sealing machine in their catalogs at a later date I would assume that they either had made a manufacturing arrangement or had taken over the company, or at least these particular patents.

As to whether the Package Machinery Company took over the Berger Company or made a working arrangement with regard to its patents, I will say the Berger Company was one of the original patent companies which had already, I believe, taken in other wrapping machine

patents or companies. It went from the Berger to the New York Wrapping Machine Company and then from the New York Wrapping Machine Company into the Package Machinery Company, as I remember it.

5855 The Redington Company was not taken over by the Package Machinery Company. The Redington Company is still existing, and they are manufacturing machinery and special machinery and wrapping machinery; and they are no part, so far as I know, of the Package Machinery Company.

I said that their patents on wrapping machines were, as I understood, taken over by the Package Machinery Company. That includes chewing gum wrapping machines. I don't know that the Redington Company still manufactures chewing gum wrapping machines, but I presume if they could devise a machine for wrapping chewing gum which in no way infringed upon the pat-
(4153) ents of the Package Machinery Company that they would manufacture such machines. That's just my presumption.

5856 The New York Wrapping Machinery Company is not still engaged in the manufacture and sale of gum wrapping machines. There is no such company so far as I know.

The gum wrapping machine patents of these several companies found a resting place or ownership with the Package Machinery Company, but as I understand it, these companies continued their corporate existence, and some of them engaged in the manufacture of other kinds of machinery.

My attention being called to a certain advertisement that appeared in the Saturday Evening Post on March 21, 1914, and being asked if that advertisement refers to the kind of self seal package which I have said we were using from April 22, 1912, on, either through the use of the Condon machine or later through the use of the Condon machines and the Price KL and KLM machines, I will say the self sealed part of this package is similar
5857 to the type of package that would be produced by either a Condon self sealed machine or a Price KL or KLM machine.

As far as the general folds are concerned it is identical, but not as far as the efficiency of the seal is concerned. A Condon self sealer does not turn out as hermetically a sealed package as is produced by either a

KL or KLM machine. The sealing done after the KL
5858 or KLM were put in operation was better.

Under the Condon machine, to a certain extent, we made the package waterproof and dust proof and impurity proof and even air proof. I will explain that. You can take a package of self sealed gum and quickly immerse it in water and take it out and it is not affected by the water at all; you can take another package of self sealed gum and leave it in there three or four min-
(4154) utes and it has not been affected. Now, there are different stages of self sealing as to what it will withstand as far as its production is concerned. It is one of those stages which I differentiated between in saying that a Condon would not seal as efficiently as a Price
5859 KL or KLM. The difference between the packages turned out on the two named machines were merely represented by the degrees of protection. In other words, the KL or KLM machines more efficiently, on the average, self sealed the packages than did the Condon machines.

5860 The Price had a greater degree or approach for being air proof and damp proof than the other. But I would like to qualify now my answer to Larson Exhibit 4 in that the wording of the advertisement is meant to specifically refer to packages as turned out on the Price machine in view of the fact that it refers to an electric seal or sealed electrically. The packages on the Condon machine were sealed by steam while on the Price machine they were sealed by electricity.

As to whether that is likewise true of Larson Exhibit 6, I will say I had nothing to do with the advertising of the Wm. Wrigley Jr. Company, nor never had, but from the wording of the ad, Larson Exhibit No. 6, as now submitted, I would say that it merely represents the type of package as turned out by the Wrigley Company during the period when this ad appeared as it refers neither to an electric seal or a seal made by steam heat. It does refer to an air tight package. The new air tight package there referred to the seal sealed type of machine which was comparatively a new package at that time.

5861 Referring to my testimony that it was a package that had been in use from April, 1912, it was new as far as
(4155) the quantity of Spearmint gum turned out and sold in the United States. I said that I was unable to say what the quantity was that had been sealed between

April 22, 1912, and July 28, 1914, or June 1, 1915; but from the time we started to advertise the self sealed package I would assume that all of our Spearmint gum from that time on was of the self sealed package, which was not the case previous to that. Part of it had been sealed for the time I have named before.

Larson Exhibit 7 just refers to the self sealed type of package, and down in the right-hand corner refers to it as new.

5862 Larson Exhibit No. 9 makes no reference differentiating the package shown between those as turned out or sealed by a Condon machine to those as turned out by the Price KL and KLM.

My attention being drawn to a statement of Mr. Offield addressed to Judge Baker under date of October 2, 1918, I do not desire to change the dates of sealing the packages as I have stated them.

5866 Wednesday, December 27, 1922. 10:30 A. M.

NELSON L. BUCK, resumed the stand for further cross-examination by Mr. Aldrich:

I have quite a number of the documents which Mr. Aldrich asked me for yesterday as well as figures, and the others are still being searched for. I have had quite a number of employes making the search working up into late last night as well as this morning.

I have the amount of gum self sealed between April 22, 1912, and June 1, 1915, with the exception that the (4156) figures covering the gum self sealed at Brooklyn and Toronto only is brought up to the close of their fiscal May month of 1915. That covers Spearmint. The total 5867 which I have just added up from the detail figures which were given to me on the 'phone from my office a few minutes ago, which I believe to be absolutely correct, amounts to 22,886,646 Boxes, 20 packages each.

The date which Mr. Aldrich asked for with reference to contracts or correspondence or agreements between A. M. Price and the Zeno Manufacturing Company involved the searching of our records way back as far as 1903, and we have not been able to complete that as yet. 5868 I likewise have not been able to complete my search for the papers covering transactions with Dellenbarger

and Barbieri. I believe I will have those available either by the start of the afternoon session or not later than tomorrow morning.

I have the invoices from Thomas F. Condon & Company covering their sale and delivery to us of the machines which self sealed package, and now that I have these invoices I might suggest that the proper name of the company go on record as Thomas F. Condon & Company of 34th Street and Third Avenue, Bush Terminal, Brooklyn, New York. There are three invoices showing the machines purchased of Thomas F. Condon & Com-
5869 pany. The three invoices are as follows: April 9, 1912, for one Condon package wrapping and sealing machine, $3,000; one of June 27, 1912, for one package wrapping and sealing machine, $2,175; July 6, 1912, one package wrapping and sealing machine, $2,175.00.

The three machines as covered by the invoices just previously related cover all of the Condon type self seal-
(4157) ing machines which we purchased previous to the receipt of the first KL typpe Price machine. We did not purchase other Condon machines thereafter, as I
5870 remember it. Two of the Condon machines were used at Brooklyn and one in Chicago.

I am unable to state whether or not during the period from July 1, 1907, to July 1, 1908, or at any time prior to the installation of the Barbieri and Price sheeting and scoring machines, patents for which I have put in evidence, I gave any consideration to a patent issued to one Philip L. Sylvester, of Scranton, Pennsylvania, application for which was filed September 16, 1899, Serial No. 730,698, and patent No. 644,810, issued March 6, 1900.
5871 I am unable to state from that reference without having an opportunity to look at it.

As to the request that I tell the Court what sheeting and scoring machines were open to gum manufacturers on July 28, 1914, or prior thereto, I will say, as far as specifically stating what machines were available prior to the date you have mentioned, I am unable to refresh my memory as to that specific date, but during that approximate period that you have referred to there were machines for reducing gum into sheets then on the market similar to the machine or machines which the Zeno Manufacturing Company used previous to the time that they started to receive the benefits from the sheeting machine which has been already offered in evidence by

me. There were other machines as manufactured by machinery companies making a specialty of chewing gum machinery, some of which consisted of two rolls similar but smaller than the type which the Zeno Company used prior to July 1, 1908, others were a series of rolls con-
(4158) nected up such as were used by at least the Beechnut
5872 Packing Company somewhere around the period 1914 to 1916, as I remember it. However, none of these machines which were then available would produce gum as cheaply as the type of machine which was used by the Zeno Manufacturing Company as used by them previous to July 1, 1908.

I am not making the statement that there was no improvement in the art of sheeting and scoring gum between July 1, 1907, and July 28, 1914, except such improvement as the Zeno Manufacturing Company had made and claims to exclusively have owned. I will tell the court what improvement was made during that period, within my knowledge, as to sheeting and scoring machines. The method which we used during the period just previous when we put into operation the sheeting machine which has already been put into evidence was far ahead in efficiency to the method used by other manufacturers at that time, and even though there were machines produced or manufactured for the chewing gum trade at a somewhat later date which were more efficient or may have been more efficient than the machines which were ordinarily used by the chewing gum trade previous to July 1, 1908, yet in my opinion they were not more
5873 efficient even in their improved state than the method which the Zeno Manufacturing Company used previous to July 1, 1908.

There may have been other sheeting machines on the market before or on July 28, 1914, than those I mentioned in my preceding answer. I am not making any definite statement on that question. I have not only referred to the use of rolls lighter in weight than those used by the Zeno Company used by other gum companies, but I also stated they were connected up in gangs
(4159) in some instances; so connected that one motor or one power belt would operate in unison the various sets of rolls.

5874 I am unable to state upon this short notice as to whether I have ever seen this Sylvester patent or not.

It is a part of my duty with the company to look over

a large number of patents as they are issued from time to time, and with the short interval of time which I have had, a minute or so, since they have been shown to me, I am unable to state as to whether I have ever seen them or not. I do not recognize them, however, at this time. As to wheter I had any conference with Mr. Dellenbarger or Barbieri with reference to the reason why they could not get a basic patent, I will say as far as I recol-
5875 lect, I did not.

I am unable to say what sheeting and scoring machine
5876 the Beechnut Company was using from 1908, at any time after the Beechnut Company began the manufactare of gum prior to July 28, 1914, for the reason I am unable to state as to when I was in the Beechnut plant. At the time I was in the Beechnut plant, they were using, as I remember it, a machine consisting of several sets of rolls coupled up together.

I do not know the name of the manufacturer.

The cutting machine was not connected to this machine, but involved a separate operation; the reducing of the gum from its condition as it left the kettles up to the point where it was fed into this machine was of a different operation. In reducing the mass as it came from the kettle before it was fed into the rollers it was first kneaded by hand.

I was there about 1915. I will state why I am able to say that the processes used by the Zeno Company prior
(4160) to July 1, 1907, were in my opinion better than the processes used by any of the gum manufacturers prior to July 28, 1914.

5877 From time to time I went through the plants of some of the other chewing gum manufacturers and from this knowledge, together with catalogs of chewing gum machinery manufacturers, together with information received from their salesmen as well as from information received from employes of these various plants, I was able to keep in very close touch with the processes wheih were being used. I have not made a statement that I visited the Beechnut plant prior to July, 1914, and neither have I made a statement that I visited any other chewing gum plant previous to that date, but I have said
5878 that I visited other chewing gum plants even later, as I recall it, than 1914, among which was the plant of the Beechnut Packing Company and one of the plants of the American Chicle Company.

I visited the Brooklyn, New York plant of the American Chicle Company as well as the Long Island City plant. The time I visited the American Chicle Company plant I found they were using a system which was not more efficient in my opinion. The system was as I recall it very similar to the one which I saw in the Beechnut Packing Company plant.

In the American Chicle plant, as I remember it, the mass was put through a machine which they called a kneader which was a separate operation, involved a separate operation before it went to the machine for sheeting it out. As to what shape the kneader leaves the gum preparatory to feeding to the rolls, I will say, I believe
5879 I only saw the machine itself. I don't believe I saw that kneader in operation, but from the appearance of the
(4161) machine, as I remember it, it was delivered out through what might be called a sort of orifice which left the gum in a thick piece about an inch and a half or two inches thick and maybe nine to twelve inches wide.

As I remember it the sheets were not cut mechanically into smaller sheets which were fed to the rollers. As I say, I did not see the machine, as I remember it, in actual operation. I do not specifically remember as to whether the same method was used in both plants of the American Chicle Company. I have no way of telling specifically at what time I made this visit to the Amer-
5880 ican Chicel Company. I think it was after 1914. The party who took me through one of the American Chicle plants is now dead; the other one I believe was Mr. Becker, who is now their superintendent. It is correct to say that the sheeting machine used from 1909 first by the Zeno Company and then by the Wm. Wrigley Jr. Company accomplished automatically the sealing of the gum, the scoring or marking of the gum, and the registering of the cut sheets on to trays. During this period the gum was not automatically trimmed. I am unable to state what what date it was first automatically trimmed.

5881 I will enumerate the elements of the machine and their characteristics which are essential to the accomplishment to the ends which I say the machine accomplished. This machine automatically handled the gum from its condition as taken in large lumbs of uneven form from the kettles to a point where it was heated into a predetermined thickness, scored into individual sticks, a con-

tinuous sheet converted into smaller, intermittent sheets, such sheets trimmed, removing from same the ragged or
(4162) rough edges and the registering of one sheet over another onto trays so that the machine could be operated at a high rate of speed continuously, turning out at least ten thousand sticks per minute, and of such an efficient nature or construction so that as a rule it would
5882 automatically perform these operations for continuous periods of several hours at a time without shut down.

I could go into a lot of more details, but that in a general way covers the situation.

I think the elements of the sheeting and scoring machines which I have given in my last answer are described in the patents covering the sheeting and scoring devices, already in evidence. I do not know that the results accomplished by the Price machines K, KL and KLM were attained without in any way infringing upon the patents of other machines.

5884 I have not, as I remember it, stated that each one of the patents as introduced in evidence were necessary and entirely incorporated into the sheeting machines which we used. I have stated that they were manufactured under these patents. It is my understanding that the KL and KLM wrapping machines were made under the patents that have been offered in evidence.

5885 (Mr. Aldrich then asked the witness:

Q. You have said on page 5556 and following pages of the record that the sheeting machine used from about 1909 first by the Zeno Company and then by Wm. Wrigley Jr. Company comprised the following patents: Barbieri 968,109, Price 965,598, Barbieri 968,110, and Price 992,590. Now, I wish you would take the first of these patents, Barbieri 968,109, and point out to the court which claims thereof cover the machine so used?

(4163) Mr. Lane objected to the question on the ground of incompetency, immateriality and irrelevancy, stating that the construction of patents was not within the province of the witness, or any expert, but simply one for the court, and not proper cross-examination. The objection was overruled.

The witness continued:

Until I have had an opportunity to look over the claims and study these patents I will not be prepared to answer the question. I did not realize that such a question would

be directed towards me and therefore I am not prepared.

5887 I will explain how it is that I am unable to give this information today and yet was able on my direct examination to say that this machine comprised the patents. By saying that this machine comprised these patents I meant that the sheeting machine which I described in my testimony and pictures of which have been offered in evidence was built under the main portion of these patents, or as a consequence of these patents we were receiving the exclusive use and benefit of the sheeting machine which we were using.

5888 Wednesday, December 27, 1922. 2:00 P. M.

NELSON L. BUCK, resumed the stand for further cross-examination by Mr. Aldrich:

As to how much time I need to answer the question with reference to Wrigley Exhibit 64, Buck 1, I will say, I have had very little time this noon, but during that (4164) time in looking these over I have decided that the question which you have asked should be taken up by an expert, competent to pass on the claims of these patents. We have been led to believe that the machines have been built under these patents, or advised to that effect, and we originally purchased them and have had them built as a consequence, and have been using them and have received the benefit from them since. I would not say that that means that I am not able to connect, by my testimony, these patents to the machine.

5889 As far as interpreting the wording of each one of these claims, that is beyond a person of my experience to go into, but I do know that the machines are practically the same as the drawings as shown in the patent, that I was advised by counsel, that the patents referred to are the ones that are covered by the machine in question, and I have based my testimony partially upon that fact.

As to the question asked me, what claims in Buck 1, Wrigley Exhibit 64, are embraced in the sheeting and scoring machine which I have described in my testimony, 5890 I will say, in order to answer that question, I must

thoroughly understand and be conversant with the interpretation of the wording in the claims.

In the machine I have described and pictured the rolls are heated. The patent refers to "a second pair of rolls for receiving the sheet, means for cooling a second pair
5891 of rolls, a lateral conveyor in position to receive the sheet from the second pair of rolls, and forming rolls in position to receive the sheet from the converyor.

As to whether those elements are present in the machine, I will say that requires a technical interpretation
(4165) of the language, which I am not in a position to state.

I will probably make the same answer to any other claims shown on the patent that is now being discussed.
5895 I do not know technically what a lateral motion is. As to what I understand lateral motion means aside from "technically" I will say if a motion deviates one iota from its regular plane, it would be laterally directed.

In the machine described in the patent referred to it is a fact that there was contemplated that by mechanical means the gum as it came to this table should be swung and scored over the rolls that are marked by the figures
5896 "73" and "77."

As to whether that is not on the machine which I have described in my testimony and pictures in the photograph made a part of my testimony, I will say that is not on the
5897 machine and we are now using it as shown in the picture.

By the word "swung" I meant that the sheet was supposed to travel at right angles to the flow of the continuous sheet from which it was taken. Under this patent, as I understand it, it was necessary or contemplated that the sheet should be cooled.

I do not know that the lateral motion referred to in claim 1 refers to the motion which we have described at right angles to the course of the sheet for purposes of cooling and scoring.

It is not a fact that we never constructed a machine under this patent. We use such a machine. I am unable to state definitely when, but it was within a short period
5898 after the first machine was constructed.

Referring to the patent 968,109, that was the first machine constructed. We cooled the sheet with that first
(4166) machine constructed as I say under this patent, by means of the natural cooling operation that would take place by passing it through the air or over a long con-

veyor belt and also by means of the cooling effect of rolls. I am unable to say how long we used this first machine constructed under this patent, but not a great length of time. We used the biggest part of it commercially successfully. That is, the part of the machine as shown by Figure 1 up to the point, to the right of the drawing, as
5889 shown by Figures 47 and 48. I mean Figure 1 of Patent 968,109.

As to whether the machine was a success from the time we put gum into the rolls in the first place up to the time that we reached this table where the lateral motion was and it was sent across the scoring rolls to be scored and cooled, I will say in as much as Mr. Alrich has used in his question the word "cooled." I will have to qualify my answer by saying that the method which has been used from the time the first machine was put into effect for cooling is as efficient as any method ever used, but as far as that part of the machine is concerned which is shown in Figure 1 of patent 968,109, to the right of approximately the position of the figures 47 and 48, we substituted other mechanisms to more definitely take care of that part of the machine.

5900 On the machine considered by me as one unit, comprising Buck Exhibits 1 to 4, inclusive, the gum was turned laterally, which means turning the gum at some point at right angles, and it has always been used that way since.

I refer now only to what I call the merry-go-round as illustrated.

As to where the scoring rolls were placed in the machine after we had discarded the portion thereof when
(4167) was beyond the figures 47 and 48, as I have stated, I will say the scoring rolls were placed parallel to the smoothing rolls as indicated on Figure 1 of patent 968,109
5901 by Figures 47 and 48. We were then scoring the gum after a lateral movement and at right angles with the original rolls in which the gum had been sheeted.

As to whether the first and only lateral movement that I had advised the master had been used all the time in the successful machines was in the merry-go-round, as I have called it in my original testimony, I will say if the lateral movement is the interpretation of moving at right angles, I would say that only such movement that we have used successfully in conjunction with the sheeting machine was by means of that part of the machine

which is commonly known by us as the merry-go-round section.

In Figure 4 of the patent which we are now considering we did not continue the use of belts 60 and 63 shown thereon.

My attention has been drawn to Figure 4 and the 56 thereon. As to whether that indicates the scoring of the gum one way on roll IVa was continued in the machine as we afterwards rebuilt or changed it, I will say,
5902 we cut the gum by mans of rollers which scored the sheet of gum into widths as illustrated by roller 56 as shown by the drawing, Figure 4 of patent 968,109.

In the changed machine the scoring roll that I have called 56 was retained in substantially the same position that it was in the originally machine. It may have been moved a little nearer the head of the machine or perhaps farther from the machine.

I believe the purpose of the belts as shown on Figure 4 by the figures 60 and 63 was to raise the gum somewhat. I don't remember very definitely about all of the
(4168) particulars of that part of the machine. As to what was the purpose of raising the sheet up by these elevated belts, I will say we have not used that part of the machine since way back about 1909, and therefore I do not remember specifically about the point in question. I have already stated that that part of the machine was discarded and therefore it was not of any particular interest to me or to the Wrigley Company or to anybody else.

5903 I saw the machine in operation. I am unable to state whether the gum was elevated by those belts. As to what became of the sheet of gum after it was conveyed by those belts, I will say, as I remember it, it was conveyed forward and then conveyed at right angles, and finally went through the set of cutters or scorers as indicated on Figure 4, patent 968,109, as No. 73. I don't remember what moved it from where the belts deposited it to the right angle direction. I don't remember whether there was a pair of nippers or something on there for the purpose of effecting that movement. I don't remember whether it was done manually. I have seen this machine in operation. I saw it in operation for a limited
5904 time. I don't remember just how long. It was more than once.

(Mr. Aldrich then called the witness' attention to the

patent, Wrigley Exhibit 64, Buck No. 2, being Price patent 965,598, and asked the witness to point out which claims thereof cover the machine as he had described in his testimony and as illustrated by the photograph which he had made a part of his testimony.

Mr. Lane objected on the same grounds as he objected to a similar question concerning the first patent. The objection was overruled.)

(4169) The witness continued:

I am not an engineer nor patent attorney, therefore my answer to this question will have to be the same as with reference to your similar question covering Wrigley Exhibit 64, Buck 1.

(It was stipulated that the objection made with respect to Mr. Aldrich's cross-examination concerning the claims covered by Wrigley Exhibit 64, Buck 1, should apply to all of Mr. Aldrich's questions of this nature concerning all the patents.)

5905 I am unable to state what the delivery device which is described in claim 1 of the patent, Buck No. 2, as shown by the Figure or drawing filed with the patent is. I stated that the machine which we put in operation in 1909 and which I said was pictured in the photograph which I made a part of my testimony, was automatic. I stated that the sheet moved continuously until it was deposited on trays.

5906 I will describe what is in the machine covered by patent No. 965,598. That machine received a continuous sheet of gum already having been reduced in thickness to a predetermined thickness or weight. That is done by passing through different rolls or series of rolls. Said sheet then passed through a set of cutting and scoring
5907 rolls. At one position on each of the cutting and scoring rolls was a high knife in addition to scoring knives, and by passing the continuous sheet of gum through such rolls and then dropping it on an apron tilted at an angle of about forty-five degrees and then receiving the first or foremost part of the sheet on a conveyor belt which was moved forward at a greater speed than the flow of the gum as it was being fed or was traveling through the
(4170) the scoring and cutting rolls, the sheet was separated into intermittent separate sheets of size the width of the sheet and length, or dimension the other way, equivalent to the circumference of the cutting or scoring roll.

The delivery or receiving belt which I just described

as operating at a greater speed than the natural flow of the gum as it came through the cutting or scoring rolls
5908 was so timed that by the time the individual sheets flowed down one at a time on this last mentioned swift moving belt there was a sufficient space or interval between each sheet so that by the time said individual sheets were carried to the end of the conveyor belt just referred to there was a sufficient distance between each sheet so that each sheet could be accurately and efficiently deposited on trays as shown in Figure 1, Patent No. 965,598, as No. 36.

It is also shown in Figure 3. This belt going at a greater speed than the sheet of gum which I have described could be construed as one of the sheet delivery devices. Any one of the conveyors on this old machine might be likewise termed in my interpretation.

As to whether the automatic means for gathering sheets therefrom one by one and in succession and carrying them in separated relation to each other through an endless task, is the faster belt or swift belt that I have just described, I will say I would not care to make any statement about that, not having had education along
5909 making up claims or interpreting claims as ordinarily appearing in patents.

As to what other machines are shown on the machine described in my original testimony than the swift belt
(4171) which I have just described which accomplished the result of presenting the sheet so gathered in order to said delivery device in proper time for each sheet so conveyed to receive upon it in order another sheet, I will say, I would not care to interpret that language. The machine which we have always used covered by patent No. 965,598 is now being used and always has been used as far as I can interpret the language as given in Patent 965,598. I am not in position to interpret the language of these claims. I have given you in the best language that I can in my possession the practical operating points of the part of the machine in question.

(Mr. Aldrich then stated to the witness:

Q. You must know what part of the machine which you have described in your original testimony conveyes the sheet through an endless path, presents the sheet repeatedly to said device in proper time for successive sheets to be deposited therefrom upon the first, and the said device is described in claim 1 as an automatic

means for receiving the sheet. You don't want to tell the master that you don't understand that language, do you?)

I will hold to my original answer. I am not in a position to interpret the language of those claims. As to whether I don't know and would not be able with this language before me to point to the part of the machine that corresponds to the description, I will say I would not definitely know that.

As to whether I would be able to if we went to see the machine, I will say not necessarily from that description.
(4172) The drawings show the machine very clearly, quite
5910 as clearly as though you saw the machine itself. I have described the operation of this part of the machine in my own language and I presume that from that language you may be able, as an expert, to dovetail my language with such language in the claims.

I am not sure I know what device is referred to as the automatic means for receiving the sheets. I am not sure
5911 it is what I call the merry-go-round. I don't know.

As to whether I know what the conveying means is to get it to the merry-go-round, I will say, there are several conveying means on that sheeting machine. The apron itself leading from the cutters or scorers down to the belt that operates at a faster speed which I referred to might be a conveyor. The gum first leaves the cutter and scorer, then it passes over an apron, then it passes over a continuous canvas belt, then it passes over another apron and then is deposited on the individual trays. The last means the gum passes over before it is deposited on the merry-go-round or tray is an apron. As to whether that fast belt is referred to in the description in claims 1 and 2 as Mr. Aldrich has read them to me, I will say, I am unable to interpret that language. As to how I was able to tell the court on my direct testimony that these machines were constructed under these patents, I
5912 will say, I have been advised by counsel that they have been. As to whether I undertook to tell the court that it had been part of my duty to examine patents and pass upon them since I became superintendent of production, I will say, no, not as I remember; at least interpreting the situation as Mr. Aldrich has implied.

(4173) Being referred to the machine which I described
5916 in my original testimony and which I said was manufactured under Patent 965,598, and being asked with

respect to where the delivery end is and where the delivery means referred to in the third claim of the patent are found I will say I am not in position to interpret the wording of the claims, but now that you have confined your question to Patent No. 965,598, the portion of the mahine as shown on Figure 1 by the figure 16 is the delivery end of that part of the machine in relationship to the cutting and scoring rolls; that part of the machine which is enumerated as No. 14 is the delivery end in relationship to No. 16; and that portion of the machine which I believe is represented by figure 15, at least if that is the apron, is the delivery end in relation to 14, and that part of the machine illustrated by Figure No. 36 might be considered as the delivery end in relationship to the apron No. 15.

5917 As to what are the end sheets in Patent No. 965,598, I would be unable to state as to what such wording technically referred to.

Reading claim 3 and being asked what I think is referred to and illustrated on the drawings right at the bottom of the first column on that line, and the top of the second column of page 3, I presume that the "end sheet" means the sheet next to be deposited on its respective receiving tray. As I interpret the matter, the receiving tray on a machine constructed under this patent is as shown by Figure 36.

The prior language might be construed as having reference to the relation between 15 and 36.

5918 All canvas belts or movable conveyor belts as shown
(4174) in Patent 965,598, Figure No. 1, as shown by Figure 14, move at a greater speed than the flow of the gum as it passes through the cutting or scoring rolls.

I do not know whether the belts or conveyors between the several sets of rolls before it is scored move faster than the rolls.

5919 The several conveyor belts on the entire sheeting machine operate at different speeds one in relationship to the other, but the only one that I definitely know that is operated at a greater speed than the natural flow of the gum as it comes through the last set of rolls is the one shown in Patent No. 965,598, Figure No. 1, and No. 14. Trays 36 are slightly below the level of the lower edge of what is designated as No. 15 provided that is what has already been interprested as being the apron.

Whether 15 is an apron or is a continuation of the belt

which is marked further up 14 I will say I presume it is meant to be an apron.

5920 Evidently from Figure No. 2 the Figure No. 14 as shown both on Figure 1 and Figure 2 is meant to refer to the roller on which the canvas belt No. 14 is operated around, and therefore I would say from Figure No. 2 of Patent 965,598 that the apron is designated by No. 17. So far as I can see, that does not appear on Figure 1.

So far as I can see, the machine in actual use which I have described in my original testimony is constructed in accordance with that drawing.

As to what is the endless car path in this machine, I will say the path I presume which is referred to is meant to refer to the path as shown on Figure 3, patent 965,598 (4175) which part of the machine we ordinarily term as the merry-go-round, the majority of which path is circular with the exception of one portion of it which runs at a straight line, the straight line portion of it is given in detail as 19, Figure 4, of sheet 3 of Patent No. 965,598.

5929 The sheet cutting rolls which I described in my original testimony which just partially sever the sheet passing between them are shown on sheet No. 5, Patent No. 965,598, Figure 8, as Nos. 8 and 9, as I interpret the drawing.

I think I could take this patent 965,598 and point out such parts described in the patent as are present in the machine and such, if any, as are absent as the machine has actually been constructed and is in use by reference to the drawings in a general way. I do not think I could do that by reference to the claims and drawings in conjunction one with the other.

I make that distinction because I am not in position to interpret the language of the claims as previously stated, but it is my opinion that all of the principles as covered by the drawing and as originally claimed are now incorporated in the machine which we are using and have used continuously.

5922 As to whether the language in a claim describing a machine is more difficult for me to understand than the description of any other article or thing clothed in appropriate language, I will say I can conceive why language in a claim written by a patent lawyer might be very difficult to interpret in the sense which the attorney

wishes to cover and why language of a layman who was not technically versed might be very plain to interpret.

(4176) I would say that the invention disclosed by Wrigley Exhibit 64: Buck No. 3 is substantially embodied in the machine which I have described in my evidence on 5923 direct and which is illustrated by a photograph or photographs of the machine which I have made a part of my testimony.

We heat the rolls and have always heated the rolls. 5924 We have heated the rolls by different means from time to time. At one period by electricity, at another period by the heat in the gum itself, and as far as I know we may at one time have heated by hot water, but I am not definitely sure on that last point.

As to what I mean by heating it with the gum now, I refer to page No. 2 of 968,110, which specifically states, starting with line 9:

"The manner in which the rotating rolls and other parts as just described are driven is unimportant, but it is to be understood that the rolls might be heated by non-machine elements, as by torches or hot water, or by the hot gum itself."

Immediately following that language is the following: "—in which latter case the gum would necessarily be heated to a higher temperature than normally, and would have to remain in the receptacle long enough to heat the rolls before the process could be successfully carried out, as I have found in practice that in order to feed the gum from the receptacle that it must be made to adhere to the rolls, and that when the rolls are below a certain predetermined temperature the gum in all cases fails to adhere so that it may be fed."

5925 I concur in that language.

We heat the gum to a temperature which will success- (4177) fully work in the machine and that depends upon the time of day, the temperature of the room, and so forth.

If it is necessary we have the gum remain in the receptacle long enough to heat the rolls before we carry out the practice. As to whether we find that necessary I will say that the condition that exists, say, at 4 o'clock in the afternoon is entirely different in that respect to the condition that exists at 7 o'clock in the morning.

Our method of heating the rolls is with hot gum and not by electricity or steam or torches or other means. 5926 Machines may be equipped, or part of our machines,

even at this time, with electricity, and I am not definitely stating as to whether or not electricity has not been used from time to time, but it is my opinion that it has not.

I would not state definitely whether the last machines we had delivered were not fitted up with connections for the purpose of electrical heating. It may have been the case.

It is my understanding that we have the exclusive right to use the devices or inventions as covered by this particular patent.

5927 I have made no statement that in order to heat those rolls the gum must go through the rolls. You can heat rolls by means of depositing the gum on those rolls without necessarily passing the gum through the rolls.

5928 Gum that has once passed through the rolls, irrespective of its temperature, that is, if it is possible to put that gum through the rolls, is in condition so that it can go through the succeeding rolls and be finally brought (4178) down to the proper gum thickness.

We sell to the general public the gum that is used for heating the rolls after we have heated the rolls with it. If that gum appears flaky and not in proper condition, we as a rule put it back into the kettle; if it is in such a condition that we think it should be again put into the hopper, we put it there, or if it is in good condition, we would let it continue along and leave it on the sheeting machine.

5929 December 28, 1922; 10:30 a. m.

Wrigley Exhibit 64: Buck 4, being Patent 992,590, as I understand it, covers that portion of the machine from the point where the gum sheet reaches the cutting or scoring rolls up to and inclusive of the position where the continuous sheet has been converted into intermittent sheets, such individual sheets being separated by a sufficient distance so that the gum can be efficiently handled or removed by another mechanism on the machine.

5930 I consider that the mechanism described by this patent is embraced and used by my company in the machine which I have described on my direct and the photographs of which I have filed as part of my testimony.

I have not brought in the Price contracts this morning. I have been asked for contracts which go back prior to

December 31, 1904, at which time there was a fire which entirely or practically entirely destroyed the offices and plant of the Zeno Company.

I am unable to say whether we had any contracts with
5931 Mr. Price prior to that time. I did not come with the
(4179) Zeno organization until about June or July, 1904. I am not stating that any of the contracts, if any we had with Price at that time, were destroyed. But I would say that in view of the fact, or I wish to imply that in view of the fact that there was a machine which we at that time termed a Price machine destroyed,—which was destroyed in that fire,—there may have been a contract and I am making a very honest endeavor to find out as to whether there was a contract.

I am not now able to state when the first Price contracts with reference to sheeting and scoring machines were entered into.

The machine which I said was destroyed was a wrapping machine. There were machines prior to 1904 that could be in the broad interpretation of the word "Price"
5932 known as Price wrapping machines. I will explain what I mean by "the broad interpretation of the word 'Price'".

A. M. Price is an inventor. He devised a wrapping machine for chewing gum previous to December 31, 1904. He received patents on that machine as I understand it. That machine was used primarily for wrapping square stick gum similar to Wrigley's Sweet Sixteen, Norris' square Blue Ribbon, and other similar packages. That square stick was an entirely different shape from the Doublemint stick.

Mr. Price, or under his supervision, constructed quite a number of such machines. The Zeno Manufacturing Company used several, the Blue Ribbon people used, I believe, several, and I believe the Ripe Fruit Gum Company used several. Some time previous to 1910, as I remember it, A. M. Price sold his patent rights covering
(4180) this machine in question to the firm which we termed as the chewing gum wrapipng machine trust, the name of which at that time I believe was either the New York Wrapping Machine Company or the Consolidated Wrap-
5933 ping Machine Company or the Package Machine Company, I don't know just exactly which name they were going under at that time. After he had sold out his patent rights on the particular machine in question we

negotiated with him for devising a machine which would be far more efficient from every standpoint than any machine that had ever been put on the market. And for those reasons it is quite natural to apply the word "Price" to any wrapping machine which Price ever built or invented, and I wish to distinctly differentiate between the various machines which Price has built, particularly those machines which he had invented and sold to the Wrapping Machine Trust, from the machines which we termed in this testimony as Price K, KL and KLM.

5934 As to whether the movement of the Redington wrapping machine was a horizontal movement I will say that such testimony as I am able to give concerning both the Redington and the various types of Price machines is mainly from a practical standpoint as to what these machines accomplished. I have not the Redington patent before me and I have not examined a Redington patent for many years.

I testified on my direct examination that for many years I have used both the Redington and Price machines.

5937 I would consider that the first operation of the Redington machine and the Price machine as identical in that the sticks of gum are in each instance put into a (4181) chute. That is the first movement or the first position in the machine.

The Redington machine has motion in that it has cams.

As to whether it is a fact that the principle of the Redington machine is that it goes backward and forward and that the Price is a rotary motion only, I will say I would consider that that might be a liberal interpretation of one of the differences, not from a technical standpoint, but from a layman's standpoint.

5938 I used the word "technical" to differentiate such evidence as I might give as compared to what might be given by a technical expert.

There are many other differences between the Redington and the Price machines, in wrapping gum, which could only be given in my opinion accurately by an expert, and it would involve pages of differentiation such as is given in the patent itself. I am not in position to state the differences in the mechanical construction and

5939 operation of the machine as distinguished from results. I consider that can only be answered by an expert. The differences are so complicated that I cannot describe it except by results.

I would say, from a liberal interpretation, as differentiating it perhaps from a Redington machine, that the Price machine might be called a rotary machine. I will state why the Redington machine is not known as a rotary machine. There are certain movements I would consider in the Price machine that are able to be performed simultaneously. In other words, four, five or six or a dozen at the same time, while with the Redington machine to some extent this situation is not true. I don't
5940 care to describe the Redington movement for reasons
(4182) as given previously. I prefer to have the Wrigley Company put an expert on on that point.

5941 From a factory production man's standpoint the difference between the two machines under different patents is made by the different results obtained. That is the practical end from my standpoint, and I know what one machine will do and what the other will do, and if you ask me that, I can give you full details.

5942 Referring now to the part of the machine where the gum is first taken from the chute, I would say that the
5943 feeding devices of the two machines are quite different. One of the differences that is pronounced is that in the Redington machine the gum is picked up from the mechanism which first separates one stick from a tier of sticks by means of pin points, you might say, which engaged in the gum itself and thereby picked the gum up, and said gum is transported over to the position where said gum is laid or registered or deposited on the wrapping material, while in the Price K type machine no such pin points are used, but the individual sticks are separated from the tier of sticks by a special device on the Price K type machine and transported forward and automatically and more efficiently registered in front of the wrapping material, so that, as said stick is transported forward, the wrappers are automatically wrapped around said stick by means of a rotary or centrifugal motion.

At that particular point I would not consider that there was a rotary or centrifugal motion in the Redington machine.

If I were asked to state in one sentence the great dif-
(4183) ference between the Redington and the Price machines I would say that the Redington machine is operated largely by cam motions and levers, while the Price K,

5944 KL and KLM are operated largely by centrifugals and eccentrics. That might be called rotary motions.

The original Price machines which I have referred to more nearly approaced the Price, K, KL and KLM motions as far as motions which I have just described are concerned, but they are accomplished by different means and inventions.

I can state as far as the results are concerned and the efficiency of the machines, the difference between the early Price machines which we used and the later K, KL and KLM machines but not specifically from a technical standpoint. I cannot technically explain the differences in the rotary and centrifugal motion and all the mechanism by which is is attained as between the earlier and the later Price wrapping machines. But I might say that with the preliminary or earlier Price
5945 machine its operation was very much limited in capacity and efficiency as compared with the later as one of the principal differences was that in the earlier Price machine the gum was handled at different positions on a large wheel and practically all of the wrapping was performed while the individual sticks of gum were held on such a wheel or wheels, while such an operation or process was not used on the Price machine which we have termed the K, KL or KLM.

The difference in the cutting devices for cutting paper wrappers as between the earlier and later Price wrapping machines is a technical matter which I am unable to answer. They both had cutting devices. They both
(4184) cut individual pieces of wax paper from a roll. That was also the situation on a Redington machine, and other wrapping machines.

I have not used the word "merry-go-round" in connection with wrapping machines. The earlier Price wrapping machines did not have what I have called a merry-go-round. That was in connection with the sheet-
5946 ing machines. I do not recollect that we used any earlier Price sheeting machine prior to the ones I have described here.

We are using a Price catching device on a sheeting machine now. We have used a Price catching device on sheeting machines ever since we first installed the first
5947 machine termed as the merry-go-round. I have not that date definitely. It was shortly after 1908, I would say.

I can state other mechanical differences between the

earlier Price wrapping machines and the later Price wrapping machines which we are now using and which were constructed under these patents which I have introduced in evidence.

With reference to the mechanism used for making the first wrap or fold of wrappers around the gum, the first Price machine accomplished this result by means of a small lever which passed over the edge or protruding wrappers and thereby effected the fold or at least a part of the fold. In the similar operation as accomplished in the later Price inventions which we have termed as the K, KL and KLM, no such lever was used, but the fold was accomplished automatically by the travel of the gum into a receptacle or recess in a drum and later by the said drum being rotated. On the first Price machine invented by Price prior to 1910
5948 the gum from the gum chute was immediately deposited
(4185) between the gripper members on a wheel, but before being deposited on such wheel where the wrapping material was located, so that as the gripper members engaged the sticks of gum one side of the stick was enclosed; in the later Price machines, known as the K, KL and KLM, no such operations were used.

In the first Price machine the gum in the chute, and by "chute" I mean that portion of the machine in which the bare sticks were stored preparatory to being separated into individual sticks for wrapping. The sticks were jogged into position by small, angular guides at each of the four corners of the stick. Such a mechanism was not used in the later Price K, KL and KLM.

In the later Price machines two wires, as I recollect it, spring wires, are used. By means of a special mechanism these wires disengage slightly the lowest stick in the chute from the ones above it and this mechanism only is applied to an end of the stick instead of as in the former machine where four individual, movable parts are used.

There are many coil springs used in the former Price machine, and, as I recollect it, no such springs are used in the later type price machines. There is a lever or
5949 plunger used in the first type Price machine for delivering the five assembled sticks from the wrapping machine proper to a receiving chute, while in the latter type machines no such plunger is used as in the latter type machines the flow of the gun itself one unit after another,

at least at this position, performs the forward movement. During the first five or six years' use of the first Price machine the packages of gum as assembled, five
(4186) sticks together, by the machine were removed manually and a rubber band was either put around each of the five sticks or wrapping operators were stationed at said position in order to put on and seal the counterband around each five sticks. At a later period, as I remember it, Price devised a banding device—No, I will change that. I don't believe Price ever did build a banding device, at least one which was practical, but after his patents had been sold, as previously referred to, an automatic banding device was devised, and while such a device, as far as I can remember, was a practical condition for the machines of such style constructed to wrap square stick gum, yet it was not practical in conjunction with the wrapping of long sticks of gum which we termed our Spearmint style.

The later Price machines K, KL and KLM, have a mechanism for very efficiently and automatically banding each five sticks, requiring no additional labor for said
5950 operation, and while the Price machine of the original invention or inventions, even though machines were constructed, as I say, to handle what we have termed as the Spearmint style stick or package, they would not give an average production in excess of the production as turned out by a Redington machine, yet the price machine of later design efficiently produced from 33-1/3 percent to around 290 percent more gum on an average than did the Price machine of original design. This was the chief difference as I recall it between the earlier and later machines. The later machines are different types involving different patents.

A layman, if he looked at one machine and then at the other, would not realize, in my opinion, that they
(4187) were invented or devised by the same party or under similar ideas.

We have had a controversy with the owners of the
5951 original Price patents as to the difference between the earlier and later machines. I am unable to state when that controversy was settled. I am unable to state specifically who were the parties to the settlement contract
5952 without first looking up the contract. I have not examined it for quite some time.

5953 December 28, 1922; 2 o'clock p. m.

5954 I have here contracts with the New York Wrapping Machine Company. One is a contract dated January 2, 1905, made between the New York Wrapping Machine Company and the Rubber Paint Company covering the purchase of one chewing gum wrapping machine for wrapping gum 2-7/8ths inches in length, 5/8ths inches in breadth and 3/32nds inches in thickness at a maximum speed of 35 packages per minute, said date covers one machine at a purchase price of $1,250.00.

5955 The Rubber Paint Company was the company to which the Zeno Company was the successor or at least the Zeno Company was an outgrowth of the Rubber Paint Company. The Zeno Company did not supersede the Rubber Paint Company. It was merely an offshoot. The Rubber Paint Company remained in business. There was no transfer of stock or anything of that kind. If I remember, the Rubber Paint Company was a hundred thousand dollar corporation, and from that they formed the Zeno Manufacturing Company which was a $500,000 corporation.

The two companies were operated by the same principals, in a general way.

(4188) The second contract which I have before me is one dated January 2, 1905, made between the New York Wrapping Machine Company and the Rubber Paint Company and covers the purchase of three wrapping machines for wrapping chewing gum, size 2-7/8ths inches in length, 3/4ths inches in breadth and 1/16th inch thickness, at a maximum speed of 35 packages per minute,

5956 at a price of $1,250 each. In this contract, as well as in the preceding one, there is a paragraph providing for a rental rate for these machines.

I have a third contract before me made between the New York Wrapping Machine Company and the Rubber Paint Company under date of November 17, 1906, which covers the purchase of two chewing gum wrapping machines for wrapping gum, size 2-7/8ths inches in length, 3/4ths inches in breadth, 1/16th inch in thickness, at a minimum of 25 pieces per minute, at a price of $1,250 per machine.

(Said contracts were handed to Mr. Aldrich and he inspected them; whereupon Mr. Mayer offered them in

evidence. Mr. Aldrich said he did not object to their introduction in evidence.

5957 The said contracts so offered were received received in evidence as Wrigley Exhibit 64: Buck 56-A, -B and -C.)

(It was stipulated that copies of these documents could be substituted in the record in place of the originals, the originals subject to be produced at any time if desired by the Court or anyone connected with the case.

Wrigley Exhibit 64: Buck 56-A, -B and -C.)

(4189) I was connected with the Rubber Paint Company
5958 at that time. I saw these machines. They were not Price machines. They were known as Berger machines. They were not built under the Price patents so far as I know. I did not understand they were built under any patents. We bought those machines with a guarantee against any infringing suits. Patents did not particularly interest us.

I say that they were not built under the Price patents because it is my understanding that machines were built which were commonly known as Berger machines before A. M. Price invented a wrapping machine.

I heard of Armstrong in connection with wrapping
5959 machines. I am not familiar with the name of the company that produced wrapping machines under those inventions, known as such.

I will describe the machine which was purchased under the contracts which I have just identified. These Berger type machines were of a size approximately 1-1/2 feet by about 2 feet by approximately 15 inches or so high.
5960 They automatically wrapped individual sticks of gum first in wax paper and then with a sealed band. Those machines, as covered under the contracts in question, produced exclusively what we term as vending machine style gum. They operated at a speed of approximately from twenty-five to thirty-five sticks per minute, which gave a maximum output of approximately between 150 and 225 boxes per nine-hour day. They required one girl to operate them, or one operator. They were mounted on tables in order to be at a convenient height for the operator.

(4190) Mr. Aldrich's statement may be correct to the effect that Wrigley Exhibit 64: Buck 56-A and Buck 56-B are package machines and not single stick as defined by the contract, and that the interpretation which I have

given of Wrigley Exhibit 64: Buck 56-C, is the only contract that refers to pieces. If I am given proper time to look over these contracts I can tell you. It has been many, many years since I looked them over and even to this minute I have not read them since you requested me to produce them.

5961 It is a fact that in Wrigley Exhibit 64: Buck 56-A and 56-B the word "pieces" as printed has been erased
5962 and "packages" put above it. I still say that these machines are for single stick gum irrespective of the fact that two of the contracts show an erasure or change from "pieces" to packages," and my proof is that it specifies gum to be wrapped 1/16th of an inch in thickness, and another one specifies 3/16ths of an inch in thickness, and you cannot get more than one stick of gum of any thickness which we ever manufactured within those dimensions.

5963 I think the machines referred to in these three contracts were manufactured under Berger patents, if there were such patents. I do not even know that. I do not know that the Berger Machine Company machines were manufactured under Price patents. I do not believe factured under Price patents.

5964 My impression is that the New York Wrapping Machine Company were successors to the Berger Machine Company.

It is my opinion that these three contracts referred to the identical or same character of machine.

(4191) If "package means a package containing five individual sticks as distinguished from the individual stick of gum I would say that these machines did not wrap packages.

As to whether we had any Price machines that wrapped packages at or about this time I will say that we had a Price machine as manufacturted or built under the
5965 original Price patents at the time that the Zeno factory burned down. Immediately thereafter, it is my recollection that Price manufactured or stared to manufacture similar machines, but as to just when such machines were delivered to the Zeno Company or were started to be operated I have not any data from which I can get that information.

(Mr. Aldrich then stated to the witness: "I understood you to say this morning that at the time of the fire, which I understood, and that you concurred in stating,

occurred on December 31, 1904, you had one of the Price wrapping machines built under the former patents, which was then destroyed, did you not so state?"

The witness answered: "I made that statement and I just concurred in my previous answer to that effect. There was such a machine in our plant."

5967 The witness stated that he desired to correct an answer and the Master told him to proceed. The following then occurred:

"A. Mr. Aldrich's former question which referred to a machine which we had in the plant prior to the fire I see now did not mention Price machine, and when I replied that we did have such a machine I wish to go (4192) on record as referring to a Price machine. You merely said a machine."

"Mr. Aldrich: Q. At what time did you say that my question did not describe it as a Price machine, this morning or this afternoon?"

"A. Just previously, just now."

"Q. You understood, did you not, Mr. Witness, that 5968 the question about the machine that was destroyed by fire referred to the same machine that you had stated that you had in your possession prior to the fire and that was destroyed by the fire, during your testimony this morning?"

* * * * * *

"The Witness: It is my impression that we talked about more than one machine which we had before the fire and in this instance I wish to differentiate between the Price machine and other machines. We had a Price machine which was destroyed by the fire and it is my impression we had other types of machines destroyed by the fire.")

We did not have a Price machine destroyed by the 5969 fire, which put up the gum in packages of five sticks.

When I referred to the Wrigley Speamint gum of 20 packages in a box, I referred to a style of gum consisting of five pieces to each package with each package banded and held together by either a paper band or a rubber band or a ribbon or some other means of holding said five sticks together, and twenty of such units or packages to a box.

The Price machine which we had previous to the fire did not produce packages of gum using the word "pack- (4193) age" in the interpretation of five sticks banded

together. There was another machine or agency necessary aside from the earlier Price machine to hold the five
5970 sticks together.

The machine that was destroyed only wrapped the five individual sticks and assembled them together. After they were assembled the five stick package was wrapped manually.

We bought that machine from A. M. Price. My understanding is he had manufactured it or caused it to be manufactured for us prior to that time.

In reference to the thickness at the time these contracts were made of the Wrigley Spearmint stick of gum, I can tell you better in weight. The entire stick at that time, of the standard stick of gum, such as was wrapped by the machines in question, amounted to about 55 grains.

As to what gum was of the size and length and breadth and thickness described in the several contracts as manu-
5971 factured by us at that time I will say that Zeno gum of the different flavors exclusive of what we termed a square stick or Creme de Fruit. It comprised gum commonly known as the long stick vending machine style of approximately the same shape and thickness as our present Spearmint, Doublemint and Juicy Fruit sticks.

The present stick of Wrigley's Spearmint gum varies
5972 in length. It is approximately 2-7/8 to 3 inches in length.

From a practical standpoint the machines score the gum accurately.

Wether I said it or not, I intended to say that these three contracts referred to sticks 3/32 of an inch in thickness.

5973 (Mr. Aldrich asked the witness to state what Reding-
(4194) ton machines his company had purchased, at what time his company purchased them, and the price therefor, and how many of them his company had in use at the time the Price machines, which the witness had said had superseded the Redington, Condon and Bander, were adopted and put in operation.

5974 The witness said that he had present, as a result of Mr. Aldrich's prior request, such chewing gum machinery purchase contracts as he could find; that he had found certain documents covering the purchase of some Redington machines, and he had such documents before him.)

5975 I can state specifically how many Redington machines we have purchased as covered by the specific documents which I have before me as to whether this includes all or not I am unable to state.

The first letter which I have covers a purchase under
5976 date of January 8, 1910, of ten Spearmint wrapping machines at a price of $1,600.00 each. The next document which I have is from the F. B. Redington Company under date of August 9, 1910, addressed to the Zeno Manufacturing Company, covering ten Spearmint wrapping machines at a price of $1,650.00 each.

The third document which I have is under date of
5977 July 29, 1910, which covers the purchase of a single-stick wrapping machine at a price of $1800.00.

The fourth document which I have is under date of August 13, 1910, which covers the purchased of ten chewing gum wrapping machines to wrap a style of gum similar to Wrigley's Spearmint at a price of $1,650.00. All of these documents which I am now referring to are
(4195) from the F. B. Redington Company.

The fifth document covers the purchase from the F. B. Redington Company under date of January 19, 1911, of ten wrapping machines to wrap what is known as Wrigley's Spearmint Chewing Gum, at a price of $1,650.00 each.

All but the last document referred to were made between the F. B. Redington Company and the Zeno Manufacturing Company, the last document was between the F. B. Redington Company and the William Wrigley, Jr., Company.

That describes the particular documents that I have before me but it does not anywhere near completely answer Mr. Aldrich's question as to the gum making machines purchased by us.

(Mr. Aldrich then instructed the witness to refresh his recollection so that he could completely answer the question if possible the next morning.)

5978 December 29, 1922; 10:30 o'clock a. m.

There are a couple of corrections I would like to make in my former testimony.

Yesterday in giving data concerning orders for wrapping machines placed between the Zeno Manufacturing

Company and the F. B. Redington Company and also covering similar papers between the Wm. Wrigley, Jr., Company and the F. B. Redington I stated that under date of August 9, 1910, the Zeno Manufacturing Company ordered or contracted for ten Spearmint wrapping machines to wrap a style of gum like our standard Spear-
(4196) mint at a price of $1,650.00 each. I next referred to the contract of August 13, 1910, covering a purchase of ten wrapping machines for wrapping the Wrigley Spearmint style of package at a price of $1,650 per machine. I now find that these two documents only
5979 cover a total of ten machines at $1,650 each. The first document just referred to I now find is merely an informal acknowledgement of a verbal order and the second one actually is the formal contract covering the ten machines.

(Mr. Aldrich then stated to the witness that he understood him to say in his testimony the prior day that his company did not buy any one of the Price machines from the Berger Machine Company and, further that he did not know that the Berger Machine Company sold the Price wrapping machine at any time, and asked the witness whether such understanding was correct. The witness continued:)

We did buy a Price type machine which was built under the previous Price patents from the Wrapping Machine Trust, using that phrase in the same sense as I have heretofore given it, which was at a time shortly after A. M. Price sold his preliminary wrapping machine patents to the Wrapping Machine Trust. It is my opinion that A. M. Price made the deal with the Wrapping Machine Trust and that they were not operating under the name of Berger. That is what I meant to imply in my answer when I answered the question yesterday.

That purchase was made previous to 1910. It might have been in 1908 or 1909.

They sent a Mr. Strindberg out here to demonstrate
5980 the machine and Strindberg remained in our employ
(4197) after he had demonstrated the machine. He remained in our employ until he disappeared from the country and from all record of his whereabouts. I can't state definitely. I think it was in the early part of 1916.

As to whether Mr. Strindberg was sent here by the

Berger Machine Company I will say that if the Wrapping Machine Trust was being operated under the name of the Berger Machine Company, then he was originally sent to Chicago by that company to demonstrate the operation of the Price type machine manufactured under the Price original patents which Price, as I understand it, had sold to the Wrapping Machine Trust, and the reason, if any why the Wrapping Machine Trust sent a man with their machine was that they had added certain additional features to that machine, principally in the form of a banding attachment which we had never seen and which we knew nothing about and which never did prove successful from our interpretation of a successful machine.

5981 It was not at or about the time this machine was here to be demonstrated that I first met A. M. Price.

I believe Strindberg's first name was John.

I have part of the other papers here which Mr. Aldrich has called for, as many as I could find up to date.

I consider that the Wrapping Machine Company, meaning the company manufacturing automatic wrapping machines, was commonly known as the Wrapping Machine Trust previous to the time it took over the Redington patents.

5982 I have before me such contracts covering the purchase of wrapping machines as I have so far been able to locate (4198) covering purchases between William Wrigley, Jr., Company and the Package Machinery Company.

I would like to have it thoroughly understood that the 5983 contracts or documents which I now have before me do not necessarily cover all the purchases of wrapping machines from the Package Machinery Company by the Wm. Wrigley, Jr., Company, that merely cover such contracts or documents as I have so far been able to locate.

Under date of August 9, 1915, a contract was entered into between the Wm. Wrigley, Jr., Company and the Package Machinery Company covering the purchase of two of their latest type wrapping machines for wrapping individual sticks of gum, approximately 2-7/8 inches long, 3/4 inches wide and 5/64 inches thick, in wax paper and foil combined, then wrapping with a printed counterband and sealed, five sticks assembled, the fifth stick reversed, then wrapping these assembled five sticks

with a printed counterband. That machine was what was commonly known as a Redington machine manufactured by the Package Machinery Company.

5984 There is no money price named in the contract except as it relates to the machine that was returned to them by the Wrigley Company as part purchase.

In view of the fact that this price is entirely of a different amount and on a different basis than any previous prices named in similar contracts, I would say that it would be essential to name the conditions of this purchase.

The party of the first part in this contract was the Wm. Wrigley, Jr., Company and the party of the second part was the Package Machinery Company.

(4199) (Reading)

5985 "The party of the first part agrees to pay the party of the second part for the first machine delivered f.o.b. cars Chicago, Illinois, twenty-two hundred dollars ($2200) plus freight charges to Chicago, Illinois, and one No. 15 'Redington' used machine; for the second machine herein mentioned, f.o.b. cars Cicago, Illinois, twenty-two hundred dollars ($2200) plus freight charges to Chicago, Illinois, and one No. 16 'Redington' used machine, payable within thirty (30) days after arrival and acceptance of each machine; said used 'Redington' machines No. 15 and No. 16 to be properly crated by party of the first part and delivered f.o.b. cars Chicago, Illinois."

Under date of March 5, 1914, the Wm. Wrigley, Jr., Company entered into a contract with the Package Machinery Company covering the purchase of two Package Machinery Company latest type wrapping machines for wrapping individual sticks of gum, approximately 2-7/8 inches long, 3/4 inches wide and 5/64 inches thick, in wax paper and foil combined, then wrapping with printed counterband and sealed, five sticks assembled, the fifth stick reversed, then wrapping assembled five sticks with a printed counterband.

It is my recollection that those were Redington machines.

The prices paid for these machines were as follows. I will quote the first paragraph of said contract, and in explanation will say the party of the first part is Wm.

5986 Wrigley, Jr., Company and the party of the second part is the Package Machinery Company.

"Party of the first part agrees to pay party of the second part for the first machine delivered f.o.b. cars Chicago, Illinois, twenty-two hundred dollars ($2200) plus freight carges to Chicago Illinois, and one No. 105 'Redington' used machine; for the second machine here-
(4200) in mentioned, f.o.b. cars Chicago, Illinois, twenty-two hundred dollars ($2200) plus freight charges to Chicago, Illinois, and one No. 106 'Redington' used machine, payable within thirty days after arrival and acceptance of each machine; said used 'Redington' machines No. 105 and No. 106 to be properly crated by party of the first part and delivered f.o.b. cars Chicago, Illinois."

The next contract I have before me is one entered into under date of December 7, 1914, between Wm. Wrigley, Jr., Company, party of the first part, and the Package Machinery Company, party of the second part. It covers the purchase of two of the Package Machinery Company's latest type wrapping machines for wrapping individual sticks of gum, approximately 2-7/8 inches wide and 5/64 inches thick, in wax paper and foil combined, then wrapping with printed counterband and sealed, five sticks ping with printed counterband and seaeld, five sticks assembled, the fifth stick reversed, then wrapping these assembled five sticks with a printed counterband.

The machines as covered by the contract, in my opinion, were commonly known as Redington type of machines.

The fifth paragraph of this contract gives in detail
5987 the price conditions under which it was purchased. That paragraph contains, as I read it hurriedly, similar provisions with regard to Redington machines to be returned except the numbers of the machines are different.

I have a contract before me dated March 31, 1916, between the Wm. Wrigley, Jr., Company, party of the first part, and the Package Machinery Company, party of the second part, which provides for the purchase of one of their latest type wrapping machines for wrapping individual sticks of gum approximately 2-3/4 inches long,
(4201) 1-1/16 inches wide and .097 inches thick in dry wax paper, then wrapping with printed counterband and sealed, five sticks assembled, the fifth stick reversed,

and then wrapping these assembled five sticks with a printed counterband.

That was what was commonly known to the chewing gum trade as a Redington type machine.

5988 This machines was contracted for at a price of twenty-eight hundred dollars f.o.b. cars Springfield, Massachusetts.

The next document I have before me is under date of March 31, 1916, entered into between the Wm. Wrigley, Jr. Company, party of the first part, and the Package Machinery Company, party of the second part. This contract provides for the purchase from the Package Machinery Company of two of their latest type wrapping machines for wrapping individual sticks of gum approximately 1-3/4 inches long, 1-1/6 inches wide and .097 inches thick, in dry waxed paper, then wrapping with printed counterband, and sealed, five sticks assembled, the fifth stick reversed, then wrapping these assembled five sticks with a printed counterband. The price of this machine f.o.b. cars Springfield, Massachusetts, was twenty-eight hundred dollars each.

In referring to these contracts or documents made between the Wm. Wrigley Jr. Company and the Package Machinery Company I have not covered many of the points which are given in detail in said contracts.

5989 The last contract to which I have referred was also for a Redington machine as it was known to the chewing gum trade.

(4202) As to whether it is not a fact that in the chewing gum trade Redington was known as a machine with an intermittent movement and the Price machine was a continuous rotary movement, I would not be able to make such a statement from the general inference, as I interpret it, among the trade. **The Redington machine was usually** known as a Redington, irrespective of whether it was manufactured by the Package Machinery Company or by the F. B. Redington Comany. It was a standard machine known to a very large majority of all chewing gum manufacturers.

As to whether in these particular machines the action was intermittent or a continuous rotary action, I would say that there might be intermittent motions in each of these two types of machines.

I do not recollect making a statement yesterday that

broadly stated the difference between the intermittent motion and the continuous rotary motion was the distinguishing feature between the Redington and the
5990 Price Wrapping Machines. There are many intermittent actions in the Price K, KL and KLM type machines; there are several intermittent actions in the machine commonly known as a Redington machine. In the Price K, KL and KLM machines there are more actions which might be termed as continuous than in a Redington.

In wrapping in the Price type of machines, K, KL and KLM, the gum goes through an intermittent motion in several respects, probably a half dozen different respects. That is, in the course of the movement of the gum on the Price K, KL and KLM machines where it goes through an intermittent movement.

5991 I would consider the differentiation which Mr. Aldrich (4203) is attempting to draw out by using the word "intermittent" has absolutely no meaning, especially when he is implying that the Redington machines have more intermittent movements or motions than a Price K, KL or KLM.

The papers I have referred to comprise all that I have so far gotten together in answer to Mr. Aldrich's request.

We never purchased any K, KL or KLM machines from the package Machinery Company or from any of their predecessors. We purchased, as I remember it, one Price
5992 machine as built under the preliminary Price patents as I have already testified from what we have termed the Wrapping Machine Trust. That is the only machine of any Price type that I remember that either the Zeno Company or the Wm. Wrigley Jr. Company ever purchased from the Wrapping Machine Trust of the Price type.

I have already testified to certain contracts between the Wm. Wrigley Jr. Company aind the Package Machinery Company. There are still other contracts which I believe were made between the Wm. Wrigley Jr. Company and the Package Machinery Company which I have as yet not been able to locate.

I have made a search for the contract settling the controversey between the Package Machinery Company and and the Wm. Wrigley Jr. Company but so far I have been unable to locate it.

5993 I have had all the files at the production office located

at 3535 South Ashland Avenue searched and I have not found the contract in question. I have also asked that a similar search be made of the files at our general office
(4204) located at 400 North Michigan Boulevard, and they have been unable to furnish me so far the contract in question.

I have not personally inquired of Mr. Offield but I understand that inquiry has been made of the lawyers who looked after our interests in this matter.

As to whether I was a party to the negotiation of
5995 this contract I will say I was in conference informally with certain other Wrigley officers pertaining to this matter. I do not remember as to whether I ever attended a conference at which any representative of the Package Machine Company was present. I wrote no letters, as I remember it, pertaining to the matter and neither did I sign any document which may have been made as a consequence of the situation as far as I can remember the whole transaction at this time, and it is understood that I have not seen the contract in question for some considerable time. I do not recollect when I last saw this contract. In fact, I am not sure that I ever saw it, although it pertained to matters in my department as well as to the company itself.

While this matter was under discussion I may have met a Mr. Neal, a lawyer for the Package Machinery Company. I have met Mr. Thomas Jefferson, the president of the
5996 company. I saw him in his own office in Springfield, Massachusetts, but as to whether I saw him in connection with this matter I am unable to state at this time.

I do not remember of ever having seen Mr. Neal more than once and I have a very vague recollection of that meeting, and in fact I would not be able to say at this time as to whether it was in our general office or in our production office or where it was.

(4205) It is not my judgement that that contract is lost. I would be very much surprised if it was. As to how long it will take me to find it if we have it, I will say that when anything is temporarily lost, it is pretty hard to make any estimate, but I should say it ought to be found, if it is in our possession at all, wihin a couple of days.

5997 I have no information as to whether any person connected with Wrigley Company has communicated with the Package Machinery Company with reference to this par-

ticular contract since Mr. Aldrich asked for it yesterday.

I will make a diligent search to find the contract. I have not made all the search that I intend to make of the offices here in Chicago.

5998 December 29, 1922; 2 o'clock p. m.

I have found a contract made between the Wm. Wrigley Jr., Company, the Package Machinery Company and A. M. Price, dated December 22, 1919.

(Mr. Aldrich requested the witness to allow him to inspect it. Mr. Mayer objected on the ground that the request was incompetent, immaterial and irrelevant and on the ground that it was made after the accounting period. The objection was overruled.

5999 Mr. Aldrich then stated that if Mr. Mayer agreed he would now offer said contract in evidence. Mr. Mayer stated that he did not object so far as time was concerned but that he repeated his objection to the request for production. The objection was overruled and the contract

(4206) was received in evidence as Larson Exhibit 157 with a stipulation that a copy might be substituted in the record for the original, subject to the rights of either side to have the contract produced.)

6000-6006 Larson Exhibit 157.

(4207) I do not think I can find the contract with the Berger

6007 Machine Company for the first Price machine which Mr. Strindberg was sent here to demonstrate. That contract, if ever made, was several years previous to the organization of the Wm. Wrigley Jr. Company. A search is now being made for it, on the basis that I am looking for all contracts of such a nature irrespective of with whom they were made.

6009 I know of a Stollwert Company. I do not specifically remember whether they ever manufactured gum. I do not recollect whether I had knowledge at the time Strindberg came to us as to what machinery they were using in the manufacture of gum.

6010 I have no tangible information as to what machinery the Manufacturing Company of America, situated at Philadelphia, may have used. They were very small in the business, at least the gum line, and such was also the case with Stollwert, if they ever did produce any gum.

It may have been possible that prior to 1911 the Manufacturing Company of America was operating a scoring machine attached to a set of five rollers operating in a continuous, straight-forward movement. I don't specifically know. It does not mean, even though they did, that it would effect a saving over the method which we used.

It was not my intention on my direct examination to make any positive statement as to any of the definite methods used by other manufacturers in regard to machinery for sheeting, consisting of a series of rolls operating together and connected by conveying belts so as to do
(4208) away with the manual labor which I described as part
6011 of our practice at a time when we were using the method which I described, but it was my intention and it still is, to impress upon the Master's mind that the method which we used previous to the time of using our special sheeting machine, that no other gum company in existence could produce gum by machinery or by any other method in their manufacturing department anywhere near as cheap as such gum was being turned out in the manufacturing department of the Zeno Manufacturing Company.

I will state how I am able to make that statement.

We came in contact with men whose business it was to improve manufacturing methods in chewing gum plants. These men through their business had access to practically all the plants of any consequence where gum was manufactured. We conversed with such men and kept in touch by that method, as well as by information received from catalogs, machinery manufacturing salesmen and employes who had worked in various plants, as to the best method that was then being used in the chewing gum business, and, as I have previously said, which can be confirmed by testimony which you can offer, that men of this caliber, such as I have just mentioned, whose business
6012 it was to make a specialty of knowing what was going on, will testify that the Wrigley Company at all times from the day they amounted to anything in the chewing gum business, even up to the present day, have always been at every period far ahead in a mechanical way from a cost standpoint in producing their gum.

I am not saying specifically that these traveling salesmen and so forth, just told us what they saw or heard.
(4209) We were not interested unless the other companies were using some method that was better than ours. It

does not prove that a company could produce gum through any sort of a sheet rolling machine cheaper than ours just because they may have had two or three rolls coupled up together, that does not mean anything. The proof of the pudding is in the cost of the proposition.

I am not saying traveling salesmen specifically had access to the cost systems of other companies. I am saying men who were called in to work out labor saving problems, men whose business itself as experts brought them or took them into the very heart of these plants, men who were in those plants as a consequence of install-
6013 ing special machinery and labor saving machinery in those plants, men of that caliber will testify that the Zeno Company and the Wrigley Company have always been leaders in automatic machinery and labor saving devices through their own initiative primarily.

6014 January 2, 1923; 10:30 a. m.

As to whether I have succeeded in finding the Berger contract of 1908 or 1909 to which my attention was directed, I will say from the data which I have been able to dig up since our last session, I would say absolutely that the Wrigley Company never purchased the machine in question from the Berger Machine Company.

I am satisfied it was not the Berger Machine Company that sent John Strindberg to demonstrate the machine,
6015 for the Berger Machine Company from the evidence I have now was not in existence at that time and up to that time.

(4210) The Consolidated Wrapping Machine Company is my understanding of the name of the company from whom we purchased that machine. I do not find any contract for the machinery with the Consolidated Wrapping Machine Company.

I have found evidence that enables me to state positively that we bought the machine from that company and not from the Berger Machine Company. I will state the nature of that evidence:

We have wrapping machine books in which we have recorded the output of every wrapping machine which we have operated since, I believe, the year 1907, and in that book we show a machine which is initialed "C. W. M.", and I believe also "Co." after that, as identifying it as

a machine which the Wrapping Machine Trust, as I have heretofore used that term, manufactured of a type as covered by the Price preliminary patents, and for that reason I would say absolutely that it was not purchased
6016 from the Berger Machine Company, and furthermore, it is my understanding now that the Berger Machine Company was not in existence and never had been as such a company up to that time.

I have been unable at the present time to find the contract of purchase to which reference has been made. It was a Price machine but not of the K, KL or KLM type with the exception that the banding attachment to same could not be called a Price machine as Price had nothing to do with the designing or working out of the package banding end of that machine. It was built under what I call the Price preliminary patents with the exception of the banding end of it.

I will state the evidence that I found which showed me that Strindberg was employed by the Consolidated Wrap-
(4211) ping Machine Company instead of the Berger Company.

6017 My evidence is founded on the fact that the company which manufactured said machine was then operating under the name of the Consolidated Wrapping Machine Company. Our records show that the first time said machine was operated was during the first quarter of 1909. The earliest payroll book I have been able to find dates back to the fall of 1909 and it shows Strindberg's name on said payroll, and inasmuch as it is my understanding that the Berger Machine Company was the successor to the Consolidated Wrapping Machine Company, and in view of the fact that I have seen letterheads of the Consolidated Wrapping Machine Company since I last testified here which showed a date after the date when we first started to operate the machine in question, I would say that there is no question but that the machine was purchased from the Consolidated Wrapping Machine Company.

From a hurried examination of the patents now handed
6018 me, viz., 880,465, 881,084, 931,646 and 942,101, I would say all but patent No. 942,101 are the ones which I understood Mr. Price sold either directly or indirectly to the Wrapping Machine Trust, and by this answer I do not wish it implied that it is my understanding that even patent No. 942,101 was not taken over by the parties or

company with whom A. M. Price made the deal between 1905 and 1909, but I do not recognize certain parts of the drawings as having ever been incorporated, as they are shown, on any machines the Zeno Company ever used.

I have certain contracts between the Wrigley Company and A. M. Price which, according to my recollection, have not yet been offered in evidence.

(4212) (Mr. Aldrich then offered in evidence the four patents
6019 which had just been referred to by the witness. Mr. Mayer objected on the ground that the same were incompetent, irrelevant and immaterial and not proper cross-examination, waiving any objection based upon the ground that Mr. Aldrich was offering the patents at an improper time or that they were not properly certified. The objection was overruled.)

(The said patents so offered were received in evidence and marked respectively Larson Exhibits 158, 159, 160 and 161. They are described as follows: Patent No. 881,084 to A. M. Price for feeding mechanism for wrapping machines; Patent No. 880,465, dated February 25, 1908, to A. M. Price, for cutting mechanism for wrapping machines; Patent No. 931,646, issued Aug. 17, 1909, to A. M. Price for wrapping machine; patent No. 942,101, issued Dec. 7, 1909, to A. M. Price for wrapping machine.)

Larson Exhibits 158, 159, 160 and 161.

(4213) I will now produce such additional contracts as I have
6021 here.

6022 I have a contract before me between Albert M. Price and Wm. Wrigley Jr. Company dated October 24, 1912.

I have another one before me made between A. M. Price and Wm. Wrigley Jr. Company dated August 5, 1915.

I have another contract before me made between A. M. Price and the Wm. Wrigley Jr. Company, dated July 18, 1916.

Those are all the contracts that I have so far been able to find as made between A. M. Price and the Zeno Manufacturing Company or the Wm. Wrigley Jr. Company with the exception of such contracts as have already been offered in evidence, and I now notice that the contract just
6024 mentioned under dated of August 5, 1915, is not an original.

(Mr. Aldrich then offered the said contract between Albert M. Price and Wm. Wrigley Jr. Company, dated

October 24, 1912, in evidence. It was received in evidence and marked Larson Exhibit 162.)

In said Larson Exhibit 162, said Price proposes to undertake to design and build a machine to wrap Wrigley's Spearmint Pepsin gum and other brands in the same general style as wrapped by machines now being furnished the Wrigley Company except that each five sticks will be wrapped and sealed in paraffine paper before and when the band is applied. Said Price is to be paid at the rate of $20. per day not exceeding 100 days for such time as he actually devotes to designing and perfecting the new features of said machine, that is, the features for apply-
(4214) ing and sealing said waxed paper, Price is to pay the cost of building the machine, necessary tools, etc., and if the machine performs the above work in a manner satisfactory to the Wrigley Company the latter agrees to pay Price $2500. therefor, and to give Price an order for twenty in addition; such machines to be built as soon thereafter as Price can construct the same in lots of ten, the price of said twenty machines and all additional similar machines ordered to be $2500. each. Price agrees, in consideration of the execution of said contract, to transfer to the Wrigley Company, after delivery and payment of first lot of ten machines, all patents allowed and pending on Wrigley's Spearmint Pepsin gum wrapping machines as built under contract of October 15, 1910, with the Zeno Manufacturing Company, it being understood that the transfer of patents gives the Wrigley Company no right to build such machines except as hereinafter specified, but is intended to assure the Wrigley Company that infringing machines will not be built for others for the purpose of wrapping chewing gum.

In case Price dies then the Wrigley Company shall have the the right to decide whether his successors are capable of building machines satisfactory to the Wrigley Company, and if they decide that the successors are not capable, then the Wrigley Company shall have the right to build such machine (as have been caused to be patented by Price and such patents assigned to the Wrigley Company) by paying $500. cash for each patented machine constructed by the Wrigley Company to the estate of Price. If said first machine should not work satisfactorily Price agrees to assign patents as provided in
(4215) the first contract made with Zeno Manufacturing

Company October 15, 1910, the Wrigley Company agreeing to pay Price a just and reasonable amount for actual expenses on said first machine and to give Price an order for ten machines as now built, this in effect completing the first contract above referred to. If the patents are transferred to the Wrigley Company as specified in either event as above, Wrigley Company agrees to convey to Price exclusive license to build under said patents machines for wrapping any other product than chewing gum. In paragraph ninth Price agrees to make such improvements as may be mutually agreed to on machines for each order received over the last completed machines, and should Price be able to make any improvements, including those pertaining to the sealing device, which are patentable, then Price agrees to assign to Wrigley Company such patents, provided Price has already assigned to it the original patents as above stated. Wrigley Company agrees to pay cost of obtaining patents, it, however, being understood that Price shall always have entire and exclusive right to use such patents or all principles used in this machine in constructing machines for any other purpose than the chewing gum industry. In Paragraph Tenth Price agrees to execute applications for letters patent in all foreign countries as the Wrigley Company may designate, covering such patents and improvements as Price has made or may make relating to gum wrapping machines as in said contract identified, and the rights of the respective parties and their respective interests to the foreign applications and letters patent that may issue therefrom shall be subject to the terms and conditions as embodied in paragraph Ninth.

(4216) From examining this contract I would say that A. M. Price built the machines as therein provided for.

6025 Such machines as A. M. Price built for us and delivered to us were accepted and paid for by the Wrigley Company as I remember it. As a further explanation, I will say that I don't remember of any machines covered by any of the contracts starting with the one with A. M. Price of 1910 and thereafter, that were not accepted by the Wrigley Company provided they were built especially for us as all of the Price machines so designed were a success.

As to whether we gave to Mr. Price under clause 2 of the contract of October 24, 1912, an order for twenty

additional machines, I will say we did, if it so specifies in that contract, and as the first machine delivered against said contract was a success, and a provision of the contract provided that we were not obliged to buy the additional machines, as I remember the terms of the contract, unless the first machine was considered by us as a success.

6026 As I now recollect it and from the evidence which I get from the contract of October 24, 1912, it is correct to say that up to the time of the contract of October 24, 1912, no patent had been assigned or licenses given to either the Zeno Company or the Wm. Wrigley Jr. Company under the contract of October 15, 1910, referred to therein. I believe the provision contained in the seventh paragraph of the October 24, 1912, contract was carried out.

The next contract is a contract dated August 5, 1915, which, as I previously said, I now find is not an original. As this purported copy has initials showing changes, and (4217) so forth, I would infer that it is a true copy. I think those initials being on there is what led me to believe, without further examination, that it was an original.

6027 Inasmuch as on page 2 in the second paragraph the contract specifies that

"If the machine performs the above work in a manner satisfactory to the party of the second part, the 6028 party of the second part agrees to pay party of the first part two thousand seven hundred and fifty dollars ($2,750.00) therefor, and to give party of the first part an order for ten machines in addition,"

and knowing that the first machine delivered against this contract, and referred to in the first part of the second paragraph of said contract was a success, I think I can definitely state that the additional ten machines referred to were built by Price and purchased by the Wrigley Company.

I know that patents were assigned to the Wrigley Company as provided for, but as to whether the Wrigley Company in turn assigned rights for the use of same to A. M. Price for wrapping other than chewing gum I am not able to definitely state. I presume such was the case but in view of the fact, as previously stated, that I have been unable to find such an assignment I am unable to make a definite statement as to whether or not such assignment to Price was ever made.

6029 (Mr. Aldrich offered in evidence the contract dated August 5, 1915, between Albert M. Price and William Wrigley Jr. Company.

The contract so offered was received in evidence and marked Larson Exhibit 163.)

Said Larson Exhibit 163 provides that Price will undertake to design and build a machine to wrap Wrigley's
(4218) Spearmint Pepsin gum and other brands, in the same general style as then wrapped by machines furnished by Wrigley Company by Price under said October 24, 1912 contract (Larson Exhibit 162) with certain specified exceptions, and if the machine performs the specified work satisfactorily to the Wrigley Company it agrees to pay Price $2,750.00 therefor, and to give him an order for ten additional machines, the price of each of which as well as of additional similar machines shall be $2,750. Price agrees to apply for letters patent in the United States and in all foreign countries designated by the Wrigley Company, covering the new features of this machine, and Price agrees to assign to the Wrigley Company such patents and the Wrigley Company agrees to pay the cost of obtaining the patents and to give Price the exclusive right to build and use under said patents machines for wrapping any other product than chewing gum. It is understood that the transfer of the patents gives the Wrigley Company no right to build such machines, except as specified in the contract, and is intended only to assure to the Wrigley Company that infringing machines will not be built for others for the purpose of wrapping chewing gum.

(4219) It was then stipulated that the originals of any of said contracts that were offered in evidence might be withdrawn and copies substituted, the originals to be produced if desired by the Master or any court or either party.

(Mr. Aldrich then offered in evidence the contract productd by the witness, dated July 18, 1916, between Albert M. Price and Wm. Wrigley Jr. Company.

6030 (The contract was received in evidence and marked Larson Exhibit 164.)

Said Larson Exhibit 164, recites that the parties thereto have theretofore entered into certain agreements relating to the manufacture of chewing gum wrapping machines invented by Price and concerning which letters patent and applications for letters patent have been pro-

cured and filed in the United States and foreign countries, and further applications are about to be filed by Price, and that the rights of the parties are defined in an agreement dated October 15, 1910, between Price and Zeno Manufacturing Co., the liability of the latter having been assumed by the Wrigley Company, and an agreement dated October 24, 1912, between Price and the Wrigley Company and another agreement dated August 5, 1915, also between Price and the Wrigley Company. The agreement further recites that Price desires to devote his time to work other than the actual building of such machines and that the Wrigley Company desires to manufacture the same for its own uses and sale. It is therefore agreed that Price will furnish to the Wrigley Company detail blue prints of said machines and will loan to the Wrigley Company for its use, during the life of said agreement, all patterns, jigs
(4220) and special small tools then being used by Price in manufacturing said machines. The Wrigley Company agrees to pay Price one-half of the profit realized in manufacturing said machines, said profits to be ascertained in the manner specified in said contract. Said agreement provides that it shall be binding in connection with any foreign patents then issued or to be issued to Price covering substantially any or all inventions as covered by any or all U. S. patents referred to in said contract, the profits to be divided within thirty days after completion of each machine manufactured by the Wrigley Company. It is further provided that said agreement shall remain in effect unless otherwise terminated as therein provided until the expiration of Patent No. 1185822 dated June 6, 1916, issued to Price, and at the expiration of such patent the Wrigley Company shall have the right to continue said agreement for seventeen years upon written notice to Price on or before one year prior to the date of the expiration of said agreement.

(4221) So far as I know the contract of July 18, 1916, has been in force from and after the date of its execution.

6031 For a period of time which I am unable to state definitely as to how long it was right now, the Wrigley Company manufactured wrapping machines as provided for in the Wrigley vs. Price contract of July 18, 1916. Now, at a later time the wrapping machines were manufactured by another company. The name of that com-

pany was the Rapid Machine Company, and as to whether at the time that the Rapid Machine Company became or was incorporated that necessitated an additional contract I am unable to state at this time, but inasmuch as when this contract of July 18, 1916, was made, it is my recollection that it was not anticipated that others than the Wrigley Company would do such manufacturing, I presume there must have been an additional contract drawn to permit the Rapid Machine Company to manufacture such machines.

From the date that the Rapid Machine Company took up the manufacture of these machines it has continued to manufacture them up to the present time when needed.

6033 January 2, 1923; 2 o'clock p. m.

Referring to Exhibit 164, I cannot say therefrom as to what sums have been turned over to A. M. Price under the conditions of manufacture thereunder, either by us or by the Rapid Machine Company, but I have asked that information to be prepared from the Wrigley books.

6034 I cannot give you the exact address of the Rapid Machine Company, but it is on Archer Avenue not a great ways from Halsted Street, in Chicago.

(4222) I would not say that I personally have had to do with the payments to Mr. Price under the contract of July 18, 1916, in view of the fact that under that contract he participated under a profit sharing basis, and in order to arrive at what the profits, if any, were, one of the Wrigley auditors or a hired auditor would examine the books to determine what that profit amounted to, if any.

I am unable to state whether the Rapid Machine Company took an assignment of this contract or made a separate contract by which they agreed to carry out its terms and provisions, but in view of the fact that I have just been advised over the phone that an additional contract has been located subsequent to the date of this one between A. M. Price and Wm. Wrigley Jr. Company,

6035 and by comparing mentally the dates, namely, of said contract and the organization of the Rapid Machine Company, I would estimate that the contract which is to be brought in in a minute or so undoubtedly specifically gives the Wrigley Company the right for the

Rapid Machine Company to make Price K, KL and KLM machines.

I will explain what was the occasion for the December, 22, 1919, contract between Wm. Wrigley Jr. Company, A. M. Price and the Package Machinery Company.

Such data as I have on that subject, meaning the occation that brought out the agreement of December 22, 1919, between A. M. Price, Wm. Wrigley Jr. Company and the Package Machinery Company, is principally based upon informal talks which either I personally or other officers of the Wrigley Company, or our attorneys, had with representatives of the Package Machinery Company after such contract was made, but it is my under-
(4223) standing that in view of the fact that the Package Machinery Company was practically the only manufacturer for the trade of chewing gum wrapping machinery, which is borne out by the fact that they controlled, in
6036 my opinion, practically all wrapping machine patents covering successful wrapping machines outside of those which covered the Price K, KL and KLM type machines, by having previously acquired by consolidation or purchase practically all of the wrapping machine companies of the United States, upon learning that there was a company organized by the name of the Rapid Machine Company, and knowing that said company was backed by the Wrigley Company, and the Package Machinery Company having enjoyed practically all chewing gum wrapping machine business, as well as other automatic wrapping machine business, all over the United States, aside from selling to the Wrigley Company, all realizing from the name of the company itself "Rapid Machine Company" that we or the Rapid Machine Company were capitalizing the salient, advantageous features in its Price K, KL and KLM machines in that such machines were rapid or more rapid in operation than any which they had, as well as more economical in operation, and believing upon forming such a corporation that the Wrigley Company was launching upon a new policy of intending to manufacture wrapping machines for the trade and thereby come in direct competition with them, they promptly started negotiations with the Wrigley Company in an endeavor to stop such competition which entire negotiation wound up by the contract which has already
6037 been produced in evidence as Larson Exhibit 157.

I made no statement that there was no controversy on

the question of infringement as between the Package
(4224) Machinery Company and the Wrigley Company prior
6038 to the execution of this contract of December 22, 1919. Of course, if a company desires to make an agreement or to effect an agreement whereby we would not enter into competition with them on certain patents, the only way, in my opinion, that they could in any way get us to make an agreement that would be by in some way implying that the patents which we were using, or a part of them, might be infringements.

6039 To repeat, in my opinion it was by the organization of the Rapid Machine Company which in a sense informed the Package Machinery Company as to what we intended to do, that was the real basis cause of the negotiations which finally would up in the contract of December 22, 1919.

I do admit, as I have always admitted, that the Package Machinery Company used as a club for effecting perhaps non-competition with them in the manufacture and sale of wrapping machines the fact that they considered that the K, KL and KLM machines in some particulars infringed their patents.

In return for the licenses under Price patents 1,109,461 and 1,185,822, and application No. 280,283, and improvements thereafter made, given to the Package Machinery Company by the Wrigley Company and Price under the contract of December 22, 1919, the Wrigley Company received very valuable assets. The Wrigley Company re-
6040 ceived and were permitted to use, without paying any license, all of the patents on wrapping machines which the Package Machinery Company owned or ever would own for use in the Wrigley business, only. In addition A. M. Price received two hundred dollars, as I remember
(4225) it, royalty per machine on every machine manufactured by the Package Machinery Company under the patent known or termed by us as the K, KL and KLM machines. Now, in regard to the advantages to Price, in addition to that two hundred dollars, I think it only fair to state that every cent that Price so received on the basis of two hundred dollars per machine for chewing gum wrapping machines was in addition to what he could have received had this contract not been made; and furthermore, knowing that the Package Machinery Company had a large number of wrapping machine patents dating way back very near the start of the art which

had been mainly brought about by practically every wrapping machine patent finally finding its lodging place in their company, with the exception of those patents as covered by the K, KL and KLM machines, it was a great advantage to the Wrigley Company to be able to manufacture for their own use wrapping machines under all those patents which the Package Machinery Company owned without in any way infringing upon said patents
6041 or paying them a royalty for the use of same; and in addition to that, by giving us the right to use those patents it likewise gave us the right to manufacture machines in our own machine shops or license other manufacturers to manufacture machines under their patents for our use and thereby we saved the difference between a selling price, which ordinarily was high, as the Package Machinery Company, in my opinion, always figured a gross profit of around 100% between their shop cost and their selling price, and our actual manufacturer's cost of producing machines under their patents; furthermore, as a result of this contract each party relieved the other of any controversy which might arise as the result
(4226) of either one using machines which may have infringed, and in view of the fact that it was never the intention of the Wrigley Company or the Rapid Machine Company to enter into competition in the manufacture of automatic chewing gum wrapping machines or any other kind of wrapping machines involving the K, KL and KLM type patents with the Package Machinery Company, or any other company manufacturing automatic machines, we lost nothing, we got the advantage of their patents. To be sure, we gave them the right to manufacture under our patents for other people, but we did not lose thereby, we gained; and in this instance I would
6042 consider that all three parties gained without losing any rights.

I cannot answer offhand what sums have been paid to A. M. Price under the clause providing that he shall have two hundred dollars for each gum machine manufactured by the Package Machinery Company and sold. I know that he has received some sums. I can find that out.

I don't know the valuation put upon the respective patent rights or claimed rights of the parties to the
6043 contract of December 22, 1919. I would say that J. C.

Cox, the treasurer of the Wrigley Company, could give information on that subject.

I have testified that each one of the patents, Buck 1 to 4, were necessarily and entirely incorporated into the sheeting machine used by the Wrigley Company during the accounting period.

6044 I do not think of any features incorporated in the sheeting machines used by the Wrigley Company during the accounting period which had features not included (5227) in those patents.

It is my understanding that in the wrapping machines K, KL and KLM are incorporated all of the elements and parts as described in the two Price wrapping machine patents, being Buck Nos. 5 and 6, and in the application for a patent which has been referred to.

I do not know what feature is covered by the application for the patent which is not covered by Buck Nos. 5 and 6, but it is my understanding that there are parts or methods used in the KLM wrapping machine which performs the operation of wrapping each individual stick first with a loose, dry wax paper and then with a glued band which had not heretofore been covered in any of the other two patents.

6045 I don't know whether there were additional features to the K, KL or KLM machines which were not incorporated in either Buck 5 or 6 or the application for a patent.

(Mr. Aldrich then asked the witness: "Referring alone to patents Buck Nos. 1 to 6, are you able to refer us to any one claim in any of these patents that is comprised in any machine used by the Wrigley Company as described in the patent papers during the accounting period?"

Mr. Mayer objected. The objection was overruled. The witness continued:)

For reasons as previously given on this subject, inasmuch as I have had little, if any experience in patent law, in making up claims and in interpreting of claims, and for 6046 other reasons as previously given, I am unable to point (4228) out any such claims as you refer to.

With the aggregate value of the six patents, Buck Nos. 1 to 6 inclusive, represented by 100 per cent., I would say the relative values of 1918 of the said patents would bear the same relationship as is shown between the savings

effected as is shown in detail on exhibits already produced by me.

In accomplishing the results I have stated in the tabulation introduced in evidence on my direct testimony, I did not take into consideration any results which might have been construed as brought about by my ability which I personally may have. It is my opinion that I had large experience and might be better qualified than any other gum manufacturer in my position that I know of in the
6047 country to bring about good results in the manufacture of gum with respect to the cost.

As to whether I attribute to my own foresight and ability any part of the changes in the type of machinery used by the Wm. Wrigley Jr. Company, to which I have
6048 testified, I will say that naturally the efficiency of one man as compared to another is measured at least by his ability of anticipating advantages, picking up one device in preference to another, and so forth.

As to whether the changes which I have described and which led to the results I have attempted to state in the tabulation referred to with reference to the wrapping machines were largely made through my own initiative in the first place, I will say I think that is a little exaggerated or quite an exaggeration, because in 1908, or thereabouts, when the first deal or contract, if there was any, was made with Dellenbarger and Barbieri I had then only been in the
(4229) business around four years, and at that time, if I remember correctly, I was purchasing agent and perhaps in addition assistant superintendent, and in 1910, when the contract which has already been offered in evidence was made between the Zeno Company and A. M. Price, I was at that time assistant superintendent.

It is my understanding that the wrapping machines which we were using prior to the advent of Price K, KL and KLM machines had no connection with any of the
6049 patents, Buck Nos. 5 and 6. That includes the first Price, the Redington and the Condon machines.

There was no litigation pending in 1919 with reference to Buck Nos. 1 to 6, but within a short period after the Rapid Machine Company was incorporated, or, in other words, after sufficient time had elapsed after the organization of that company fro the Package Machinery Company to learn of its incorporation, purpose, and so forth, the Package Machinery Company, as I have previously testi-

fied started negotiations with reference to the validity of patents which afterwards culminated in the contract.

6051 It is my understanding that there was no money paid as between the parties on the December 22, 1919, contract at the time of its execution outside of perhaps the one dollar to effect the legal carrying out of the contract.

The contract which I referred to at the opening of the examination this afternoon should be here now.

6052 (It was then stated that Mr. Aldrich wanted the witness to produce three things: First, the contract between Price and the Wrigley Company to which the witness (4230) had just referred; second, the amount paid Price under Larson Exhibit 164 and, third, the amount which Price was paid under Larson Exhibit 157.)

As to whether I have reason to believe that there were other Price contracts than the one which Mr. Aldrich 6053 has now asked me to produce, I will say I believe that there were contracts between Price and Zeno dated way back as far as 1903, about which you have already interrogated. I have so far been unable to find any of those very early contracts for reasons already given. Personally, I do not think they have anything to do with this case, but in view of the fact that Mr. Aldrich has asked me to produce all contracts of every date, when he asked me if there were any others, I naturally have got to include such ones as I think must have been made.

6055 January 3, 1923; 10:30 o'clock a. m.

(The wintess handed Mr. Aldrich two contracts.)

6056 (Mr. Aldrich offered in evidence these two contracts, one of them being a contract bearing date February 10, 1919, between Albert M. Price of Elgin, Illinois, party of the first part, and Wm. Wrigley Jr. Company, a corporation, party of the second part; the other being a license agreement bearing the same date and between the same parties.)

(The said exhibits were received in evidence and marked respectively Larson Exhibit 165 and Larson Exhibit 166. Mr. Aldrich stipulated that the originals might be withdrawn and copies substituted, the originals to be produced whenever the court or the Master or either side desired.)

Larson Exhibits 165 and 166.

(4231) I have no other contracts between Price and the Wrig-
6057 ley Company.

It is my understanding that with these two contracts produced it can be assumed that all contracts between the Wrigley Company and Albert M. Price are now a part of the record in this case.

I have not succeeded in finding any contracts between Albert M. Price and the Zeno Company other than the one of October 15, 1910. I think it is wrong to assume that if there were any such contracts between Mr. Price and the Zeno Company that they referred to sheeting machines rather than to wrapping machines, inasmuch as we previous to 1910 purchased from Price wrapping machines, a machine designated as an assorting machine,
6058 and certain parts of sheeting machines.

I think I could find from our records the approximate date, at least approximately, when we started to use such machines as were manufactured or sold to us by A. M. Price with the exception of the Price wrapping machine which I have already testified was destroyed in the fire of December 31, 1904.

I have already testified that in my interpretation of a five-stick package that neither the machine destroyed in the fire of December 31, 1904, nor any other Price machine as sold to us by A. M. Price previous to 1910 wrapped
6059 a five-stick package.

Since last night I have had Mr. Price on the long distance phone twice, and as a results of the hurried examination of our books together with the data which
(4232) I have received from Mr. Price over the phone a very close estimate of the profits which he has received from the K, KL and KLM machines as used by the Wrigley Company up to around October, 1922, amounts to close to $300,000.

I can make a tabulation of those figures and give the dates of payments. During the first period that we have negotiations or purchased machines from Price his profit was included in his billing price of those machines to the Wrigley Company.

6060 In the table which I have given of approximately $300,000 profit to Price is included the manufacturer's or

inventor's profit, included in the contract price of the machines purchased of him.

6061 I want it understood that such royalties as Mr. Price has received direct from the Package Machinery Company I have not included in the approximated figure of $300,000. This $300,000 which I have mentioned is supposed to include the purchase price of the machines that Price sold. It includes merely the profits that he gained up to October or approximately October, 1922, excluding such profits as he has gained as the result of the payments to him by the Package Machinery Company.

6065 I have no information which I presume is correct as to what has been paid A. M. Price under the December 22, 1919, contract, but in giving that information I wish it be be distinctly understood that the Wrigley Company has no right to demand from A. M. Price as to how much he has received in royalty as the result of the three-cornered contract of 1919 between Wrigley, Price and the Package Machinery Company, from the Package Machinery

(4233) Company.

As a result of your request yesterday Mr. Price was called up on the long distance phone, his home being in Elgin, Illinois, and he advises me that he has received royalties from the Package Machinery Company in accordance with the contract just mentioned, up to and inclusive of the Package Machinery Company's sales to October 10, 1922, of twenty-eight hundred dollars.

As to whether I can advise definitely about the earlier contracts with A. M. Price prior to the one of October, 1910, Iwill say I think from the fact that we have not so far been able to find any such contract, if they ever were made, up to this time, inasmuch as we have made a very exhaustive search, that I am safe in making the

6066 definite statement that such are not procurable, but I will make further search if it is so desired.

As to whether I have discovered any contracts with Dellenbarger and Barbieri, or either of them, with reference to the sheeting machines between the Zeno Company and them, I will say I have discovered a few papers which, as I remember them now, relate to that matter, but I would not consider them contracts. I have not them here because Mr. Aldrich asked me for contracts, and believing that there were contracts, I have not as yet exhausted my

search for those. As I remember, they cover the period between 1907 and 1909.

I would not say the few papers that I have discovered were merely bills for the machines delivered. They may have been included with those. I did not pay much attention to them as long as they did not seen to cover the documents you have made request for. I presume
(4234) that Mr. Aldrich could get such documents from C. E. Dellenbarger.

(Mr. Aldrich then stated that he had been advised by Mr. Dellenbarger that there were no such contracts, but that he, Mr. Aldrich, was trying to find out of whether there were any.)

6068 (Mr. Aldrich stated that he was not going to have the Brine Company books examined.)

6069 (The Master indicated that he was considering the question of sustaining Mr. Aldrich's objection to the testimony of the witness Buck and striking out such testimony.

January 3, 1923; 2 o'clock p. m.

(Argument followed.)

6070 January 12, 1923; 10:30 o'clock a. m.

(Argument Continued)

(At the close of the argument the Master ruled, with the consent of the parties, that counsel for the Wrigley Company should have three additional days to complete the taking of testimony on this branch of the case.)

(4235) (January 15, 1923, 10:30 A.M. WILLIAM HENRY
6071 STANLEY called as a witness on behalf of Wm. Wrigley Jr. Company, having been theretofore duly sworn testified on direct examination by Mr. Mayer.)

I have been a witness before in this accounting matter. I have read over, so as to be familiar with Larson Exhibit 132, the socalled report of Touche-Niven & Company filed before Master Morrison, dated October 25, 1921. I am aware of that report, while discussing the subject of the Wm. Wrigley Jr. Company's advertising, containing statements to the general effect that it was found impos-
6072 sible by Touche-Niven & Company to determine the

details of the charges for advertising that were in your company's account filed before Master Morrison. The books, records and papers of the Wm. Wrigley Jr. Company will give a satisfactory explanation and details of every amount expended for advertising and what particular item has been expended for.

As to the request that I state in a general way to the master what material is available from which it is possible to determine the precise amount paid out for advertising during the accounting period, the purpose for which it was paid out and the dates of payment and all other information pertaining to the type of the advertisement itself, and also enabling the separation of those items so as to determine what proportion thereof should in each instance be charged to Doublemint, I will say there are in the files the letters and correspondence pertaining to the different kinds of advertising, there are orders ordering specific material, following that there are the contracts for the use of the specific material ordered, on the top of the contracts are the advice of delivery for what
6073 the contract called for. It also refers to the specific
(4336) material contained in the orders and there are lists giv-
6073 ing dates of insertion, the particular advertisement that has been inserted in a newspaper or a particular poster that has been posted or the specific piece of advertising material that has been used; there are, following that, the bills for service rendered for which we have purchased material in the way of posters and cut-outs and also bills for the space used in newspapers. Included in the advertising account which Touche, Niven & Company overlooked in some of their calculations are the detail men, or the salesmen. Touche, Niven & Company sometimes included them and sometimes left them out in their calculations. In every case we have supporting bills for material, either photographs or actual copies, of the material.

(The master then asked the witness "Does Touche, Niven & Company find a different figure for the cost of advertising than you found in your report?" The witness then continued):

They do concede in their report that the total amount expended by us for advertising has been expended. They do, however, say that they cannot take our dissection of the advertising and connect it up with the details as we

have given it. They furthermore state that there are links missing in between our calculations and the ledger
6074 figures. There is no doubt whatsoever that Touche, Niven & Company have very often used false figures, wrong figures, figures that we produced but were not correct. As to whether I mean we produced false figures and Touche, Niven & Company used them, I will say we carry on our books an analysis monthly of the advertising account. This book is kept particularly for Mr. Wrigley's and my own use to see what we expend monthly for each given item of advertising. A careful check of that analysis has shown that some of the items for advertising got
(4237) into the wrong columns. Among our working sheets
6074 produced to Touche, Niven & Company were these analysis sheets which are made to match exactly the ledger figures. Touche, Niven & Company have used these analysis sheets in their apportionment of the different items somewhat in a similar manner to what we did because we based our first figures on those analysis sheets. By first figures I mean in the account which we first filed with the master. We have since discovered upon a careful checking of these sheets from the various items I related before errors of omission and commission. I do not mean by anything I have said this morning to inti-
6075 mate that the use, either by us of any figures or by Touche, Niven & Company of any figures, which I designate as false, were other than innocent errors. They were innocent errors because Touche, Niven & Company have not discovered them. There was no intention on my part to reflect upon the integrity or willingness of Touche, Niven & Company in that particular. They are just simply errors where amounts have been put down to newspapers where they should have been under street cars. In other words, Touche, Niven & Company did not go into sufficient detail to discover that some of the items were in the wrong column. They did not attempt to check because it is very laborious work.

(4238) The following then occurred:)

6075 The Master: I wonder if there is any difference between these gentlemen as to what was actually paid out for advertising and whether we need to go into those details.

Mr. Lane: If they will admit that the account we have

charged to Doublemint was the correct amount to be charged to Doublemint—

6076 Mr. Mayer: Assuming our allocation to be correct, that is, our formula.

The Master: Yes.

Mr. Lane: —then we won't need any further evidence, but they will never admit it in the world.

Mr. Mayer: See if they will. In other words, if they will withdraw their attack which they have made repeatedly in their filed report and in their oral testimony, that it was impossible from our records to tell what the advertisements were and what the advertising was, or, in other words, tell how much of the advertising was chargeable to Doublemint, even upon the assumption that our method of allocation was correct, then we will have a different proposition, but, as it is, they have put the burden upon us which has taken us over a year to get ready to meet for the purpose of showing that we have certain details, books, records, contracts, and so forth, an examination of which will disclose all the information pertaining t oevery advertisement, what it is, where it was put, how long it was inserted, what it cost, the nature of it, and then if the court says our method of allocating is right, why, we are through.

(4239) The Master: And when you get through you don't
6076 change the figures that were made in your first report?

Mr. Mayer: There will be some corrections we are going to make as the result of getting things in the wrong column.

The Master: Not of a great consequence I take it.

6077 Mr. Mayer: Well, no, and also when our report was filed some bills had not come in as prepared from his testimony initially. I can tell you—

The Master: I do not care about the details and I do not want to interrupt your examination, only I am seeking to see whether or not we can shorten it,—

Mr. Mayer: We will be very glad indeed to help you do it.

The Master: —because I had the impression that there was no question as to the amounts paid out for advertising.

Mr. Lane: This proposition is the difficulty. There is no charge, so far as I know, as to the total amount that we spent for advertising. There is a serious question

raised on the other side as to whether we have apportioned the proper amount of it to Doublemint. It is a vital proposition.

The Master: Yes, I understand that.

Mr. Mayer: Q. Mr. Stanley, what have you done by way of verifying the exact amount spent by the Wm. Wrigley Jr. Company during the accounting period for advertising and in order to ascertain the portion thereof allocatable to Doublemint, using the formula which you have used in the final account?

(The witness then continued:)

(4240) As there was some doubt in our mind at the begin-
6077 ning of the details of the advertising, owing to the pressure under which we were forced to account, we have
6078 since then taken the trouble to connect each and every item of advertising as to amount, the details as to how the amount was arrived at, and the particular advertising copy that was used in connection with that expenditure. We have practically worked on the account continuously since we submitted our first accounting to the master, and since February 1, 1922, have had quite a large force bringing together all this material and listing it so that it can be properly checked, item for item.

I will give the master an idea of the number of persons that have been working on that matter under my supervision. We have always had one or two since the presentation of the account to the master watching for bills that pertain to the accounting period and endeavoring to procure such information, copies of bills or contracts as were missing at the time we made the original accounting, but since February 22nd we have had as many as 15 to 20 people working on the details so as to make them absolutely correct as to details. We have never used less than five or six people since February 22nd until these figures were finally prepared about November 11, 1922.

All of that work has been done under my supervision.
6079 The measurements have been made in precisely the way I have described.

I have prepared a statement showing the amount chargeable to Doublemint for advertising during the accounting period as shown in the account filed by our com-
(4241) pany with the master and also showing how the measurements were made and what corrections should be made thereto as disclosed by this work done under your supervision since the account was filed.

which the witness then produced. Said three documents were received in evidence and marked respectively Exhibit 65: Stanley 1, 2 and 3.)

(Mr. Mayer then stated to the witness that Wrigley Exhibit 65: Stanley 1, shows a charge of $2,794,651.76 in
6080 the filed account, and asked the witness to state whether that figure represented the amount charged to Doublemint in the account originally filed with the master by the Wrigley Company as already corrected by the supplemental accounts filed by the master with the Wrigley Company. Mr. Aldrich objected. The objection was overruled.)

The Witness: It does. Stanley Exhibit 1 shows the amount ascertained by the use of the formula shown thereon, and to which I have testified. Wrigley Exhibit 65: Stanley 1, 2 and 3 correctly show the information purporting to be shown thereon. The information shown on those three Exhibits under the various headings is shown on the books, records and documents of the Wrigley Company to which I have referred this morning.

6081 I have prepared a statement of advertising charged to Doublemint in Wrigley Exhibit 65: Stanley 2, where the advertisements show a picture of a Doublemint package in colors with green ends. The amount of my revision of the filed account, as shown by Wrigley Exhibit 65, Stanley 2, is $2,846,851.10, chargeable to Doublemint.

(4242) (Mr. Mayer then offered in evidence the statement
6082 of advertising of Doublemint package just identified by the witness and showing $1,969,659.44 expended for advertising pictures of Doublemint packages in color with green ends during the accounting period. Mr. Aldrich objected, and the objection was sustained. The document so offered, but not received in evidence, was marked Wrigley Exhibit 65: Stanley 4, offered, not admitted.)

6083 The Witness: Some of the advertisements for which I have charged in the account contained pictures of the
6084 Doublemint package in colors held by the court to be infringing. I have made an investigation to ascertain what we paid out during the accounting period or how much of our advertisements has covered nothing more than a picture of that Doublemint package in colors with green ends.

(Mr. Lane then took up the Direct Examination of the witness.)

The Witness: I will explain just what I have done to show the amount charged for Doublemint gum where the advertisements show the packages wrapped in colors with the green ends, in support of Wrigley Exhibit 65: Stanley 2. In the figures we have submitted this morning, Wrigley Exhibit 65: Stanley 2, amounting to $2,846,-851.10, is included an amount for advertising where the advertisements or the advertising matter has been in colors as opposed to newspaper advertising which is only in black and white. Both of those are in Statement A, which is Wrigley Exhibit 65: Stanley 2, and also in Wrigley Exhibit 65: Stanley 1, but incorrectly in Stanley 1 of
(4243) Wrigley Exhibit 65. These figures that have been
6085 prepared amounting to $1,969,659.44, show that amount included in Wrigley Exhibit 65: Stanley 2, which has been done in colors, not only as far as the package is concerned, but with regard to every other detail is explained in our method of allocation used in the account filed with the master, it does not refer to a picture of the package alone, but that amount which has been allocated to Doublemint taken from advertisements or advertising material which has been produced in colors.

That is, the amount of $1,969,659.44 is that portion of Wrigley Exhibit 65: Stanley 2 on which the Doublemint package is shown in colors with green ends.

Mr. Lane: Does that make it clear to you?

Mr. Aldrich: Not quite.

Mr. Lane: Well, ask the other questions you want to, Mr. Aldrich.

Mr. Aldrich: And it is allocated without reference to the display or prominence given the Wrigley name as you testified when you were on the stand before?

Mr. Mayer: What you mean is it is allocated on the same basis as he has heretofore testified?

Mr. Aldrich: Yes, that is what I mean.

6086 A. That is so.

Mr. Lane: Q. Will you state the amount by years from 1914 to 1918 inclusive where the advertising showed the packages in colors with the green ends?

Mr. Aldrich: I am objecting for the same reason I heretofore objected to that question when they offered the paper."

The Master: Objection overruled. I do not wish to be understood in my ruling that you do not have the right to segregate and show the different kinds of advertising that was done.

Mr. Lane: I do not think you could.

The Master: That you have a right, I take it, to do because I do not think that was segregated in the account filed under federal equity rule 63.

Mr. Lane: No, it was not asked for.

The Master: No. What I do mean to hold is that that account is binding upon you so far as amounts are con-
(4244) cerned unless you have the right, and upon that I will
6086 not pass now, to correct errors that are apparent on the face of the books or that would be made manifest by an examination of the books.

Mr. Lane: That's all right.

The Master: Now, that's what I mean to hold and it is upon that theory I excluded the exhibit that I do exclude.
6087 Mr. Lane: You said at that time you did not understand it was material, that's the only ruling you made, and we went on to another question.

Mr. Aldrich: Well, he has overruled my objection.

The Master: On this question of segregating I do not think you are contradicting the account you filed.

Mr. Lane: Read the question.

(The question was read as follows: Will you state the amount by years from 1914 to 1918 inclusive where the advertising showed the packages in colors with the green ends?)

Q. (Continued) And allocated on the same basis as the allocation is made in Wrigley Exhibit 65: Stanley 2.

The Master: Now, do those amounts agree with the account filed under rule 63?

Mr. Mayer: Yes, excepting as he has testified this morning that clerical errors and bills not in, and so forth, have been corrected.

The Master: Yes.

Mr. Mayer: In other words,—

The Master: It is not a new account.

Mr. Lane: Not at all.

Mr. Mayer: Stanley 2 is the old account excepting in so far as errors of the kind he has described have been
(4245) discovered and applied to the new account.
6087 The Master: Yes.

Mr. Mayer: So that from this minute on, if we were to stop right now, our filed account would be about $52,000 more than that which appeared this morning.

6088 (The witness then continued answering the pending question:)

1914, July 28th to December 31st,	$293,257.53;
1915,	581,598.29;
1916,	507,233.28;
1917,	333,430.30;
1918 to November 12th	254,140.04;
making a total of	$1,969,659.44

(4246) In arriving at these figures I have allocated each of the advertisements on the same basis as the filed account, but have taken into consideration only such advertisements as have packages of Doublemint, or logo-types, shown in colors with green ends. In other words, I have excluded from this last calculation of $1,969,659.44, all advertisements where the packages or logo-types were not shown in colors; and this amount covers nothing but Doublemint gum, ascertained on the same basis of allocation as I have allocated in the filed account.

6089 (Mr. Lane again offered in evidence Wrigley Exhibit 65: Stanley 4. Said statement, so offered, was received in evidence and marked "Re-offered and admitted.")

This Wrigley Exhibit 65: Stanley 4, carries over the corrections from the filed account on the same basis that Wrigley Exhibit 65: Stanley 2 carries those over.

(Mr. Lane then stated to the witness that when he referred to "Method A" he meant the method shown on Wrigley Exhibit 65: Stanley 2.)

(4247) January 15, 1923. 2:00 P. M.

Direct Examination (Resumed) by Mr. Mayer.

6090 I have caused an examination of the company's books and records to be made under my supervision so as to be able to tell the master how much is included in Wrigley Exhibit 65: Stanley 2 for the cost of advertisements of Wrigley's gum where no brand was mentioned at all. The total cost of such advertisements appearing during the accounting period, that is, from July 28, 1914, to November 12, 1918, was $21,171.67.

I can tell what amount of that sum was expended for
6091 that purpose during the accounting periods. From July 28, 1924, to the end of 1914 there was no expenditures made on advertisements of that kind.

During 1915 there was expended $110.86;
During 1916 14,933.77;
During 1917 6,094.27;
During 1918 32.77 up to November 19, 1918.

That makes a total of $21,171.67. $7,075.69 of that sum of $21,171.67 has been included by me in Wrigley Exhibit 65: Stanley 2. As to whether that sum of $7,-075.69 was ascertained by measurements and calculations made in accordance with the method used by me in my company's filed account originally filed herein, and also used in Wrigley Exhibit 65: Stanley 2, I will say, the same logic as used in the calculations of the allocation made on the basis of the advertisements that were running next to or opposite to or nearby the advertisements which carried the advertising "Wrigley's" without any designation of a brand.

(4248) By far the major portion of the $21,171.67 was for
6092 car cards used as filler space for which we paid no sums for the use of the space, the only cost to us was the cost of the car cards, the printing of them and the shipping. They appeared in street cars where there was available space at the same time as cards advertising one, two or three brands just as we happened to be running at the time these filler cards were put in. That advertising was in the street cars of the U. S. A.

There was a little trial made of advertisements in newspapers, not mentioning any brand, but that trial was very local. It was only in a very few Chicago papers for a week or two. We discontinued that as being unsuccessful. That type of advertising involved only a few hundred dollars out of the $21,171.67.

I will state how I allocated the $21,171.67. Where we at the time used some of these cards which did not men-
6093 tion any of these brands, advertising in street cars two brands and the cards carrying two brands were equally proportioned between the two brands advertised, we allocated the cost of the card not advertising any brand, plus freight, on the same basis as the cards which showed the brands.

If we had one of these filler space advertisements of Wrigley's gum which made no reference to any brand in a street car that contained another card advertising Wrigley's Spearmint, then the expense of the cards in the filler space would be allocated entirely to Spearmint. If, on the other hand, there was in the same car in which the filler space card was displayed a Doublemint advertisement, the cost of the card which mentioned no brand would be allocated entirely to Doublemint. If the filler space card appeared in a car that contained two other
(4249) cards which equally advertised Spearmint and Doublemint, then I would divide the expense of the filler space card one-half to each brand mentioned on the other cards.
6094 If the Doublemint card was twice as big as the Spearmint card, then I would allocate the filler space card two-thirds to Doublemint and one-third to Spearmint.

I can state what the amounts were during each of the accounting periods that were included in Wrigley Exhibit 65, Stanley 2, on account of the cost of these cards advertising Wrigley's business without mentioning any brand, if I might include in these sums small amounts spent for advertisements in newspapers under similar circumstances. Those amounts were as follows:

In 1914	nothing;
In 1915	$ 55.43;
In 1916	4,977.92;
In 1917	2,031.42;
In 1918	10.92, up to November 12,

or a total during the whole accounting period chargeable to Doublemint, taking into account the revised figure, of $7,075.69.

I have prepared a statement showing those figures of the cost of these advertisements of Wrigley's business containing no reference to any brand.
6095 (The witness produced said statement. It was offered by Mr. Mayer and received in evidence, and marked Wrigley Exhibit 65: Stanley 5.)

(Mr. Mayer then stated to the witness:

I want to draw your attention to the fact that Mr. Aldrich has heretofore put certain questions to you with regard to how you charged the cost of the space occupied
(4250) by the word "Wrigley's" as a trade name and that the Touche, Niven & Company report referred to your method of displaying the trade name and said that the

portion of the advertising expense applicable to the trade name should not, in their opinion, be considered as an expense for the purpose of the Doublemint accounting. Have you prepared any accurate statement of the amount that is included in Wrigley Exhibit 65: Stanley 2 for the cost of advertising "Wrigley's" as a trade name?)

The Witness: I have prepared such a statement.

(The witness then produced said statement.)

6096 The Witness: The statement which I have last identified is based upon the final corrections which I have made and which appear in Wrigley Exhibit 65: Stanley 2.

Mr. Mayer offered in evidence the document referred to as Wrigley Exhibit 65: Stanley 6. It was received in evidence, and so marked.)

I used the method of measurement and of allocation which I have heretofore testified I used in preparing Wrigley Exhibit 65, Stanley 2. The total amount which

6097 I found upon making that allocation in measurement is $174,795.47, as included in the amount given on Wrigley Exhibit 65: Stanley 2 for the cost of the space occupied by "Wrigley's" in display type.

In making this computation of the cost of advertising the word "Wrigley's" in the various advertisements for which a charge is made against Doublemint I did not limit my measurements in lines to the space occupied by the letters alone. In the case of newspapers we have added

(4251) to the space occupied by the letters alone the extra space occupied by the type base; in car cards and posters we have allowed a fair margin of white space around.

When I speak of the space occupied by the base I do not mean exactly the space between the letters. Each type as commonly used today has a metal base, and it is larger than the surface type of the letter itself, and we have gone to the extent of using the white space at the top and bottom of the letetr which that metal base occupies.

I have made a correct computation of the amount chargeable to Doublemint for advertising during the accounting period, allocating it upon the basis heretofore used by me and shown in Wrigley Exhibit 65: Stanley 2, except that I have allocated the expense of the cost of advertising the trade name "Wrigley's" on a sales basis.

6098 In preparing such a statement I used the corrected figures as shown and referred to in my testimony today,

using that method, and distributing the cost of the space occupied by the trade name "Wrigley's" on the basis of Doublemint sales to all sales, the amount properly chargeable to Doublemint for advertising during the accounting period is $2,744,418.28.

(Mr. Mayer then informed the witness that he would refer to the method which the witness had last described as Method "'A-1.")

The Witness: In the figures I have just stated, while figuring the proportion of Doublemint sales to all sales I used the same proportion during the several accounting periods as those that are shown by my company's accounts heretofore filed herein, with a slight exception,
(4252) that we have combined the latter part of 1918 in the accounting filed with the master into the total of the year 1918 from January 1 to November 12.
6099 In other words, I did not break 1918 in any periods, up to November 12th.

(Mr. Mayer then offered in evidence three documents produced by the witness, one document being headed "A-1," another document being headed "Method A-1," and the third document being headed "Statement Showing how differences between Method A and Method A-1 were arrived at." Said documents so offered were received in evidence, and marked respectively Wrigley Exhibit 65: Stanley 7, 8 and 9.)

The Witness: Exhibit 65: Stanley 8 correctly shows the amounts contained in Wrigley Exhibit 65: Stanley 7 for the period involved in the accounting period, so that the years "1914" and "1918" on Stanley 8 refer to those portions of those two years respectively as are involved in the accounting period.

Wrigley Exhibit 65: Stanley 9 purports to show how the differences between Method A and Method A-1 were arrived at.
6100 By "Method A" I refer to Wrigley Exhibit 65: Stanley 2. By "Method A-1" I refer to Wrigley Exhibit 65: Stanley 7. Wrigley Exhibit 65: Stanley 7, 8 and 9, and the two other Exhibits which I produced here today, all correctly show the information and figures as therein indicated. All of the figures are derived from books, records and documents of the Wrigley Company.

I have already testified that during the accounting period we expended $21,171.67 for advertising the Wrig-

(4253) ley business in advertisements that mentioned no brand. I have made an investigation of the books and records of my company, and made a calculation so that I can tell how much of that account was charged to Doublemint in Wrigley Exhibit 65: Stanley 7, being what is known as Method A-1. The amount so included and charged is $3,388.50.

6101 I have prepared a statement which shows just what proportions of that $3,388.50 was expended during the different periods making up the accounting period.

(The witness produced the statement he had just referred to, and it was offered in evidence by Mr. Mayer. It was received in evidence, and marked Wrigley Exhibit 65: Stanley 10.)

I am aware that the Wrigley Company has already introduced, in putting in its defense, certain testimony, principally in the City of New York, with regard to the method of allocating the expense of the Wrigley Company's advertising during the accounting period.

I have examined the books and records of the Wrigley Company sufficiently so that I can tell the master what the result would be of allocating the expense of the Wrigley Company's advertising during the accounting period, using the method testified to by some of those New York witnesses.

6102 I have prepared correct statements from the Wrigley Company's books and records showing the correct amount to be charged to Doublemint based upon a method of allocation testified to by some of the New York witnesses.

(The witness then produced said statements, being two (4254) in number. They were offered in evidence by Mr. Mayer and were received in evidence, and marked respectively Wrigley Exhibit 65: Stanley 11 and 12.)

I have prepared a statement similar to Wrigley Exhibit 65: Stanley 4 showing the amount of advertising charged to Doublemint where the advertisements show a picture of a Doublemint package in colors which the court held infringing and show green ends, but allocated upon the method now called "Method B."

(The witness produced said statement; Mr. Mayer 6103 offered it in evidence; it was received in evidence, and marked Wrigley Exhibit 65: Stanley 13.)

I have prepared a correct statement from the records

and books of the Wrigley Company showing what proportion of the $21,171.67 cost of advertising Wrigley's business where no brand is mentioned is allocatable to Doublemint during the accounting period, where I have used the so-called New York method, or Method B, for purposes of allocation. The amounts so chargeable would be exactly the same as that indicated on Wrigley Exhibit 65: Stanley 5.

(The witness produced said statement, showing the
6104 cost allocated on Method B. It was offered in evidence by Mr. Mayer, and received in evidence and marked Wrigley Exhibit 65: Stanley 14.)

I have also examined the records of our company, and prepared therefrom a correct statement of the amount of the cost of advertising the trade name or "Wrigley's" on display, which was included by me in Wrigley Exhibit 65: Stanley 11.

(The witness produced said statement, and it was offered in evidence by Mr. Mayer as Wrigley Exhibit 65:
(4255) Stanley 15. It was received in evidence, and so marked.)

The language and figures contained in Wrigley Exhibit 65: Stanley 11, 12, 13, 14 and 15, respectively, are accurate. The figures shown on those Exhibits are cor-
6105 rectly applied in accordance with the theories stated in those Exhibits. Those figures are taken from the books and records of the Wrigley Company.

(Wrigley Exhibit 65: Stanley 13 refers to the same type of advertising as the advertisement referred to in Wrigley 65: Stanley 4. I arrived at the figures on Stanley 13 in the same way as I arrived at the figures on Stanley 4, except that I used Method B for allocating purposes instead of Method A.

The figures with reference to Exhibit 65: Stanley 14 are the same as those which I testified to with respect to Wrigley Exhibit 65: Stanley 5. The figures shown on those two exhibits were arrived at in the same way and used in the same way, except that I allocated the figures on Stanley 14 according to Method B, and on Stanley 5 I used Method A.

6106 I arrived at the figures shown in Wrigley Exhibit 65: Stanley 6, and Wrigley Exhibit 65: Stanley 15 in the same way, except that in figuring Stanley 6 I used Method A, and in figuring Stanley 15 I used Method B.

I have examined the books and records of the Wrigley Company and prepared a statement showing what amount would be chargeable to Doublemint gum during the account period for advertising, using the Method B, which is the method referred to by some of the witnesses who gave testimony in New York, with the method that I allocated the cost of the space occupied by the trade name "Wrigley's" or the display "Wrigley's" on the basis of Doublemint sales to all sales.

(4256) I have prepared statement correctly showing figures and information making such an allocation based on the books and records of the Wrigley Company.

(The witness produced said documents, one being a statement headed "B-1," another a statement headed "Method B-1," and the third a statement headed "Statement showing how differences between Method 'B' and Method 'B-1' were arrived at." Said statements were

6107 offered in evidence by Mr. Mayer, received in evidence, and marked Wrigley Exhibit 65: Stanley 16, 17 and 18, respectively.)

Wrigley Exhibit 65: Stanley 16 was prepared from our books, records and documents, allocating the advertising on the relative size of the Doublemint package or brand as to all packages or brands in the advertisement and allocating the cost of the space occupied by the display "Wrigley's" on the basis of Doublemint sales to all sales.

In order to prepare Wrigley Exhibit 65: Stanley 2, which is the method adopted in my revised filed account, and in Wrigley Exhibit 65, Stanley 7, which is my method A-1, and in my Wrigley Exhibit 65, Stanley 16, which is my method B-1, and also in preparing Method B, which is Wrigley Exhibit 65: Stanley 11, each advertisement was actually measured accurately and separately for the purpose of determining the space occupied by the several matters as indicated in those Exhibits.

6108 In doing that newspaper space was taken on the line measurement; billboards and street cars were taken on the rule measurement, the linear measurement. Newspapers were actually measured by line ruler, in all cases; the others on thirty-second of an inch. That is true with

(4257) respect to all the measurements that were made with

6108 regard to the different advertisements. Those measurements were made with respect to all the advertisements. Where we had any doubt as to the exact size, by some

indentation or otherwise in a cut out, we have leaned against ourselves; that is, we have given Larson the benefit of every possible doubt.

After the measurements were made, in order to as-
6109 certain the actual cost of the space and things so measured, we have in each instance taken the original bill from our files, allocated each item separately, not in bulk, as we did in the first instance when we made the original accounting and submitted it to the master. We ascertained the exact cost of the space so measured, based upon our books and records. That cost so ascertained was based upon our books and records.

(The following then occurred:)

The Master: Is this a new cost or is this the same cost as was shown in the statement filed under rule 63?

Mr. Lane: It is applicable to all the statements we have filed here.

The Master: How is that?

Mr. Lane: These statements are applicable to each of the statements he has filed here in his examination today.

The Master: I know, but perhaps I do not understand, but what I am inquiring about is whether you are changing the cost figures on advertising that were given in your filed account.

Mr. Mayer: Not unless some error was discovered in
6110 going over the matter as the witness is now testifying.

Q. Am I correct in my statement, Mr. Stanley?

A. Yes, sir.

Mr. Aldrich: They stated this morning, if the court please, that the total change that they made between their
(4258) original account and their Wrigley Exhibit 65: Stan-
6110 ley 2, I think it is, was a little over $50,000.

The Master: Yes.

Mr. Aldrich: And these are just different ways, as I understand, of estimating—

The Master: Of dividing up that account.

Mr. Aldrich: —of dividing up that account.

The Master: But the witness is asked where he got these cost figures, and all that sort of thing. I supposed they had the cost figures before they began this work.

Mr. Mayer: Oh, yes, excepting insofar as he has already testified that there were some not available when

they filed their original account, that the bills were not in or some mistakes were discovered.

The Master: Yes. Well, all right. If it is not duplicating the evidence, all right.

(The witness then continued:) All the statements that I have produced here today correctly show and reflect the figures of cost ascertained in the manner that I have just stated.

6111 Wrigley Exhibit 65: Stanley 17, shows the information shown on Stanley 16, except that it is subdivided into annual rests. The 1914 period is the same period as in the accounting submitted to the master; so is 1918; the others are full years.

Referring to Wrigley Exhibit 65: Stanley 18, which purports to show how the differences between Method B and Method B-1 were arrived at, I will state that those methods, B and B-1, are the same methods that I have already referred to.

Exhibit 65: Stanley 18 is an adjustment statement between B and B-1, to show how the figures were arrived at from B to B-1.

I have prepared a statement which shows how much of (4259) the cost of the advertisements of Wrigley's business containing no reference to a specific brand was charged to Doublemint and allocated to Method B-1.

6112 (The witness produced said statement, which is headed "Statement of cost of prominent "Wrigley's' in advertisements where no brand is mentioned; amount charged to Doublemint." Said statement was offered in evidence by Mr. Mayer, received in evidence and marked Wrigley Exhibit 65: Stanley 19.)

I have prepared a correct statement showing the cost of the advertising during the accounting period which mentions and refers to Doublemint gum only and in no way mentions or refers to any other kind of gum.

(The witness produced said document, which is headed, "Statement of cost of advertising mentioning Doublemint only." It was offered in evidence by Mr. Mayer, received in evidence, and marked Wrigley Exhibit 65: Stanley 20.)

The years 1914 and 1918 appearing on Stanley 20 refer to the respective portions of those two years occupied by 6113 the accounting period. That Exhibit shows that $554,958.38 was paid out by the Wrigley Company during the

accounting period for advertisements which mentioned only Doublemint gum and made no reference to any other brand. That amount of $554,958.38 was included in Wrigley Exhibit 65: Stanley 20, which is now the present filed account. As to whether those figures, $554,958.38, were also used in connection with making up the other statements which I filed here today in so far as those figures were applicable, I will say the figures were used, but they
(4260) are not included in that amount. I mean by that not included in the $554,958.38, because in Method A-1 and B-1 we have allocated only that portion of the display "Wrigley's" to Doublemint as the Doublemint sales bear to all sales, whereas in this amount shown on Stanley 20, $554,958.38, is included the total cost of the advertisements irrespective of what is shown on the advertisement in the way of test if the advertisement refers to Doublemint only.

6114 The figures shown on Stanley 20 were made after a careful examination of the advertisements themselves and of the books and records showing the cost thereof. They show exact measurements and costs, for which we have documents and profits in every instance.

6115 January 16, 1923. 10:30 A. M.

(Mr. Mayer stated to the witness:

Mr. Stanley, referring now to the claim made by Touche, Niven & Company, and Mr. Aldrich that the books and records of your company are not sufficient to enable a person to ascertain the full particulars regarding your company's advertising during the accounting period, will you please explain to the master what the facts are and just how you were enabled to arrive at the information contained in the statements which you filed yesterday. I will ask you in that connection to begin with the facts pertaining to newspaper and magazine advertising.)

The Witness: In the newspaper advertising I think I
6116 have mentioned once before that we established prior to the commencement of the year in which the advertising
(4261) was to take place a budget of approximate expense we were prepared to incur for newspaper advertising. We then decide just how we will distribute the amount based on the number of advertisements we want to insert, that

is, whether we shall put in 20 insertions in the newspapers or 32, or just how many; the next step is to prepare the advertisements and decide on the size; after the details are finished the contracts are made through the Stewart-Davis Advertising Agency for all newspaper and magazines. We watch, of course, that they do not go beyond the amounts that we have in our minds for expenditures incurred through this advertising in newspaper and magazines.

The next step is to make a contract with the papers we have listed which we want to use. These contracts are made in triplicate; the original we keep, the Wm. Wrigley Jr. Company; a duplicate goes to the newspaper, or magazine or its agent; and the triplicate is held by the Stewart-Davis Advertising Agency. On the triplicate held by the Stewart-Davis Advertising Agency is inserted particulars of the advertisements which appear in the newspaper contracted for as to the number of advertisements and some identifying designation, the date, the size, and the amount paid, and the date billed to the Wm. Wrigley Jr. Company.

(Mr. Aldrich then stated that he wanted to know whether these contracts are made between the newspapers and Stewart-Davis or between the Wm. Wrigley Jr. Company and the newspapers. The master instructed the witness to answer the question.)

6117 The Witness: The contracts are made between the Stewart-Davis Advertising Agency and the newspaper, or its representative. We have nothing to do with fixing (4262) the terms of the contract, nor are we responsible under the contract. Our contract is with the Stewart-Davis Advertising Agency, and they can make what terms they like, and if they are not agreeable to us, we do not accept it, and we use what space we care to under these contracts.

The contract I have referred to is the actual contract that was made by the Stewart-Davis Company. These contracts contain the details I have heretofore mentioned, and by using that document in connection with 6118 the bills rendered by the Stewart-Davis Advertising Company we have been able to specifically find out what each advertisement inserted has cost, the number of the advertisement, and also the details according to our scrap book in which is a copy of each advertisement used by the

Wm. Wrigley Jr. Company. We have therefore taken the Stewart-Davis Company's bills, the date of insertion, and the size of the advertisement; we next proceeded to find out what the number of the advertisement was, and then the cost of that advertisement. Each and every item of advertising in newspapers and magazines has been handled on that system. The total charge of the Stewart-Davis Advertising Company's bills therefore agree with the total amount we have used in the allocation of the advertising, Doublemint having its part according to the theory we have laid down in the sheets already produced.

(The direct examination was then resumed by Mr. Mayer.)

Although part of these records are not records of the Wm. Wrigley Jr. Company, that is, as far as the triplicate copy of the contract is concerned, we, of course, retained the right to inspect these copies, and also retained the right to see what amounts we have paid for
(4263) advertising are paid to the proper parties and at the right time. That is one of the principles of the Wm.
6119 Wrigley Jr. Company, to see that all bills are paid promptly. Every bill is checked by us before it is paid. No bill is paid unless it is checked. I have brought with me here a specimen contract and a specimen bill showing the process we have used in arriving at the details.

The white sheets that are interspersed with the yellow sheets in the documents I have just produced are the original contracts. That is a specimen of the contracts that cover the entire period. This one contract shows the system that was used and how we arrived at the details and how there could be no mistake between the figures we have used and the advertisement number we have used for checking purposes through this accounting.

6120 We have available for inspection and examination, for the master and for the other side, all the contracts covering all the amounts charged for newspapers and magazines in the accounts and statements which I have filed. These documents which I have just produced were selected at random. I have seen them just this moment for the first time. It is a specimen bill, specimen contracts, and showing how the details were arrived at. Our obligation was with the Stewart-Davis Advertising Agency for orders we gave them, and they arranged with the

publishers. We paid the Stewart-Davis Company. We have nothing to do with the publisher.

(4264) We know what kind of contracts the Stewart-Davis
6121 Company enter into with publishers.

We get one copy of the triplicate contract.

Although the contracts may be made between the publisher and the Stewart-Davis Advertising Agency, it devolves upon us to see that the obligations of the Stewart-Davis Advertising Agency are carried out.

(Mr. Mayer offered the documents last produced by the witness in evidence. Mr. Aldrich objected. The objection was overruled, Mr. Aldrich, however, stipulating, that the originals might be withdrawn, and copies substituted, the originals to be subject to production when desired.)

The said documents so offered and received in evidence were the following:

Contract dated November 29, 1915, between Stewart-Davis Advertising Agency and Successful Farming.

6122 Contract dated December 18, 1915, between Stewart-Davis Advertising Agency and Courier of Brisbane, Australia.

Contract dated December 24, 1915, between Stewart-Davis Advertising Agency and The Gazette of Little Rock, Arkansas.

Carbon copy of original bill dated April 15, 1910, from Stewart-Davis Advertising Agency to Wm. Wrigley Jr. Company.

The first three of said documents were marked reespec-
(4265) tively, Wrigley Exhibit 65, Stanley 22, 23 and 24.

The last of said exhibits was marked Wrigley Exhibit 65, Stanley 24, 24-A to 24-Z inclusive and 24-AA to 24-WW inclusive.

I know that all the advertising in newspapers and magazines during the accounting period for which we have charged in our accounts and statements filed with the Master were in fact printed and published in the newspapers and magazines.

I got that information because with the accounts every
6123 month by the Stewart-Davis Advertising Agency we insisted on delivery to us of every magazine and paper containing the advertisement. That insistence was always complied with, and we would not pay any items on the bill when the original newspaper or magazine con-

taining the advertisement was not produced or until it was produced.

I had personal knowledge before paying these bills for advertising in newspapers and magazines that the advertisements were in fact published. I know what they were. Wrigley Exhibit 65, Stanley 21, appears to be a contract between the Stewart-Davis Advertising Agency and some journal or publication. That journal is Successful Farming, a monthly farm journal, published in Des Moines, Iowa.

That exhibit is a contract for the publication of a certain number of lines of advertising for Wm. Wrigley Jr. Company for a certain designated period in a certain designated space at a certain designated cost, and also shows when the cost shall be paid and the allowance of
6124 the cash discount and the circulation of the publication.
(4266) I will illustrate from among the various items that are on the face and on the back of the contract to show you that the contract indicates what has been done under it.

At the foot of the contract form is a space for the
6125 insertion of the advertisements and details of the advertisements. You will find under date "1-12-16" the notation "'Protect the Children's Teeth." The reason that is inserted instead of a number is that we had not started our key numbering system at that time, therefore to designate the particular advertisement used, we have used the first words of the advertisement.

That contract similarly contains identifying words or marks from which it is possible for us to know precisely what advertisement is referred to.

I will state what other information, speaking generally, is shown on Stanley 21. The year and month of insertion, the space occupied, the date paid, the amount and the date billed to the Wm. Wrigley Jr. Company, and on the reverse side are details of the location of the advertisement in the Successful Farming Journal.

Referring to that first item, "Protect the Children's Teeth," there is a date in front of that notation reading
6126 "1-12-16." That means the date when the plate, or matrix or cut, whichever was used, was sent to the Journal for insertion at a given time. That was inserted in April, 1916, and it was sent to them January 12, 1916.

All that information appears on the contract exhibit

itself. And similarly that Stanley 21 shows the dates when the plates or matrices were sent to the various publications.

6127 (4267) Referring to the last column of that exhibit, Stanley 21, with the printed heading "Date Billed," that refers to the date of billing to Wm. Wrigley Jr. Company by the Stewart-Davis Advertising Agency.

I have not said that on the reverse side of Stanley 21 appear memoranda giving exactly the information as to where the advertisements were published. The information on the reverse side of the contract is information as to location where given advertisements of the Wm. Wrigley Jr. Company appear and amongst what advertisers they appear.

I will give an illustration: In April, 1916, our insertion starting "Protect the Children's Teeth" appeared on page 83 of the April issue at the top of column fol-
6128 lowed by small ads of Portland cement, American Radiator, and so forth. The plain English of this is to see that we get good service and location on an average.

In other words, it shows the names and concerns whose advertisement appeared adjacent to ours in the same issue. Referring to Wrigley Exhibit 65, Stanley 22, which is a contract between the Stewart-Davis Advertising Agency and the Courier in Brisbane, Australia, dated December 18, 1915, I will explain in a general way the nature of the ink notations on the bottom and on the back of that exhibit so that the master can see how we could connect the particular advertisement with the particular contract. The first line gives the following notation: "Jan. 6," which is the date. Above that, segregated by a line, is "#52," the number of the advertisement; above that is "pg 3" which means it appears on page 3. To the right hand on the same line are the letters "f r a R M" which gives the location of the advertisement on page 3. Next to that are similar nota-
(4268) tions but bearing different figures, the "18" refers to the insertion date, January 18th. "#53" refers to the advertisement. "Pg 4" refers to the page in the newspaper where the advertisement appeared and next to that is "upper R. H. cor a want ads" which means upper
6129 right hand corner, adjacent to want ads. The numbers "52" and "53" are the designating key numbers of the

advertisement of which we have copies in our scrap books.

Those are the seven books that have already heretofore been introduced in evidence containing samples of the Wrigley Company advertisements during the accounting period, or copies rather, of advertisements containing key numbers of the general type that I am now referring to.

Speaking generally, all of those contracts which have been made by the Stewart-Davis Advertising Agency and the various newspaper and magazine publications in which the advertisements were inserted that we have charged for in the accounts and statements filed contain
6130 information along the same general lines, and practically, though not quite as fully, as those that I have produced here as specimens. I say that because some of them, as will be noted, have very full details as to the location of the advertisements, what they are preceded and followed by.

Eliminating that feature all of the contracts referred to contain on the face or back information from which can be shown to a certainty what the advertisements were, where and when they appeared, how much space they occupied and what the cost was and the subject of the advertisements, that is, what the advertisements contained and the references to them.

As to whether in preparing the accounts and statements that have been filed by my company with the
(4269) master those contracts were used, and were followed so as to constitute the basis for the amounts that we have reported as expended during the accounting period for Doublemint advertising.

I will say that in the first instance we did not refer to each individual contract to arrive at the amounts in the statement presented to the master. I explained there that we had bulked the items together, taken a general advertisement and spread that amount over the given advertisements.

That was in the account which we filed originally in
6131 December, 1918, or early in 1919.

In those statements that we filed yesterday in which we corrected those accounts that were originally filed we make reference to all of the advertisements, and to the actual amounts paid therefor, and the actual con-

tents of the advertisements and the contracts. This Exhibit 65: Stanley 24, shows that we have entered on the bill the reference number of the advertisement and the number of lines used in that advertisement, for which we have paid.

Wrigley Exhibit 65, Stanley 24, dated April 15, 1916, is a carbon copy of the original bill dated April 15, 1916, from the Stewart-Davis Advertising Agency, to the Wm. Wrigley Jr. Company, showing a summary on the first page of the various items, segregated by magazines and newspapers into countries, and paid by the Wm. Wrigley Jr. Company April 17, 1916. It contains some other items than magazines and newspapers, and necessarily it contains expense items for preparation of zines, mat-
6132 rices, cuts, electrotypes, and so forth.

I have here a bill from the Stewart-Davis Advertising Agency to the Wm. Wrigley Jr. Company that covers
(4270) the advertising referred to in Wrigley Exhibit 65, Stanley 21, being November 29, 1915, contract between the Stewart-Davis Advertising Agency and the Successful Farming Journal, a publication at Des Moines, Iowa. It has been marked by the reporter Wrigley Exhibit 65, Stanley 24c.

(Mr. Mayer then asked the witness to describe the character of the bills that were sent to his company from time to time during the accounting period for advertising by the Stewart-Davis Advertising Agency; Mr. Aldrich objected; the objection was overruled.)

6133 The bill contains the usual date, debiting Wm. Wrigley Jr. Co. by Stewart-Davis Advertising Agency, the state, the town, the name of the paper, the dates of insertion, the number of lines used, the rate per line, the total cost arrived at by multiplying the lines by the rate per line, and in the last column the discount allowed by the newspaper for prompt payment, also a footing at each page and then a summary divided into magazines, the cost, newspapers by country and the cost, expense items, the total, and then the amount of the commission allowed to the Stewart-Davis Advertising Agency.

These bills when they are received are checked over for the purpose of our determining the correctness of them and the actual publication of the advertisements in question and then they are paid when found correct.

I have testified that Stanley 24c contains an item

which is included in the Stewart-Davis Advertising Agency's contract of November 29, 1915, with the pub-
6134 lishers of Successful Farming at Des Moines, Iowa.

The information contained in that Stanley Exhibit
(4271) 24c as rendered to us originally read as follows: "Des Moines Successful Farming, 224 li April $689.92," and also "20.70."

That item in that bill is the bill for the first item on Stanley 21 "Protect Children's Teeth" advertisement. There are some ink notations, also some red ink marks on the line that I have just read from Stanley 24c pertaining to this Successful Farming advertisement. They are notations made on this kind of a bill to show which advertisement is actually referred to with reference to the seven volumes produced and numbered in this accounting. By way of illustration, Successful Farming, the first item is "L 33," meaning Larson Exhibit 33,
6135 "160," meaning page 160. I don't know what the letters are on there which look like "P. T," or S or C, but that has something to do with cost expense connected therewith.

Those particular memoranda were put there since the accounting began before the master, but I might say in answer to Mr. Aldrich that these documents were available all the time, that these notations have been put on by us for convenience sake and nothing else. The contracts were there, the details were there, and we have brought them together by having girls mark up the actual bill.

The particular bills which I have produced here and which are marked Wrigley Exhibit 65, Stanley 24-a, b, c, and so forth, are carbon copies, and the originals are in our files, and are available, and these particular carbon copies are from the files of the Stewart-Davis Advertising Agency, and were used merely for the purposes
6136 of convenience. The carbons were made at the same time as the originals which were sent to us by the Stewart-Davis Agency.

The original bills did not have the notations which
(4272) we have put on this in connection with our present examination of the account. The original bills do not have at the present time any notations of this character on them. In other words, the notations which we have made on the Stewart-Davis Agency carbon copies since

the accounting period were not also put on the original bills in our files. These notations that are put on this carbon copy which I have produced are simply for use in the working papers and getting up the account.

After I had examined these papers I made measurements of the samples, the advertisements, to which they related, in ascertaining the account which I have filed here, and then made the allocation on the bases to which
6137 I have testified here.

Our books and records show payments made by us from time to time of the various bills that we received from the Stewart-Davis Advertising Agency for the advertising during the accounting period. Our cash books and checks and stubs are all in existence, and have always been available to Touche, Niven & Company and the other side. They show the actual payment in due course of business from time to time by the Wm. Wrigley Jr. Company to the Stewart-Davis Advertising Agency of all of the amounts for all of the advertising during the accounting period, which I have included in these various accounts and statements that our company has now offered in evidence. We have samples of the copy used in each of the newspapers and magazines which are referred to in this account we have just filed.
6138 They are all contained in Larson Exhibits 30 to 36, inclusive. Those copies have been in those exhibits ever since Mr. Aldrich asked to examine them and at the time of such examination by Mr. Aldrich, and they were available to Touche, Niven & Company at all times while they were examining our records.
(4273) I testified that those were books of Stewart-Davis & Company, but they were in our custody and in our offices, and subject to the inspection of Touche, Niven & Company at any time they were called for or asked for. Touche, Niven & Company used them occasionally when they wanted them.

There was no information of any kind pertaining to the advertising of any kind or pertaining to any of the items that have now been included in the advertising ac-
6139 counts filed with the master up to date withheld from the inspection of Touche, Niven & Company or any of the various auditors who have been examining the records or accounts since this accounting has been on hearing before the master, and with the exception of Burt &

Company I can safely say that nothing has been withheld and I think Touch-Niven conceded that they were offered everything they asked for.

As to Burt & Company there was nothing withheld from them that the master said they should see; in other words, they came over on one occasion with the right to examine certain entries and those entries were exhibited, but not any entries other than the specified entries that they were to examine. That is the only matter to which I referred by way of exception when I stated that nothing was withheld.

There is nothing else in my mind that I can add or care to add on the subject of advertising in newspapers and magazines during the accounting period to show that not a dollar has been included in any of the statements
6140 or accounts filed for advertising in newspapers and magazines that has not in fact been so expended.

Referring to Wrigley Exhibit 65, Stanley 3 and Stan-
(4274) ley 10, which, speaking generally, are the detail sheets of our charge for advertising under methods A and B, the first column after the date is headed "Newspapers." Neither of those two exhibits has a column headed "Magazines." The expense of magazines covered by those two exhibits was under the heading "Newspapers."

From the measurements which I made of the advertisements in newspapers and magazines and from the examination of the original contracts, bills and vouchers I can tell the master how much was included by me under method A and also under method B for advertising during the accounting period of Doublemint gum in newspapers and magazines. I will state what those
6141 amounts were: Under method A there is $774,036.81 and under method B, for newspapers and magazines, there is allocatable to Doublemint the sum of $784,966.80.

In computing the amount allocatable to Doublemint under methods A-1 and B-1, I used as a basis those same figures in connection with newspaper and magazine ad vertising.

6142 January 16, 1923.
2 o'clock, P. M.

(Mr. Mayer put the following question to the witness:)

"Q. Referring now to the item of bill posting as shown on the accounts and statements filed with the

master by your company and comments thereon of Touche, Niven & Company, wherein they say in substance that expenditures under bill posting for the printing and lithographing could be allocated as between Doublemint and other brands more or less correctly from the invoices and other records of the company as the invoices show a reference to the design, but that this
(4275) portion of the bill posting expense represents only 13.44% of the total bill posting expense and that the balance of the bill posting expense, 86.56%, represents
6143 payments for services, space rentals, and so forth, and that the invoices contain no particulars on which to base an apportionment as between brands of gum. Will you please state what date, books and records of the Wm. Wrigley Jr. Company there was and is available on which the precise amount shown in your filed statements for disbursements for bill posting chargeable to Doublemint could be made and were made?"

We have amongst our papers in the majority of cases, although not in all cases, the estimates that were submitted for bill posting. They were submitted in the early part of the accounting period by the A. M. Briggs Company and afterwards by the Poster Advertising Company. On the basis of the estimates, after approval of the design, an order was given for the poster by the Wm. Wrigley Jr. Company, that was to be posted on the boards. On completion of the printing and dispatch these posters were billed to us and the bills referred to Touche-Niven, according to their statements say, were the only data submitted with particulars to identify the
6144 advertising as to design, and so forth with the amounts charged. The printer in each instance, however, dispatches the poster direct from the printing plant, with one or two exceptions during the whole accounting period. We do not have these posters sent direct to us at all. They go direct from the printer to addresses furnished by us on what we call shipping lists. A copy of this shipping list is always returned to us with the cost of the poster, the cost of the material and the cost of pack-
(4276) ing. These shipping lists will tally with the billing rendered by the poster service company, that was in the first instance the A. M. Briggs Company and later on by the Poster Advertising Company, with shipping sheets showing what were shipped on shipping sheets

was what was billed to us by the poster plant through the agency for the service rendered in connection with the posters that were shipped. We have on file the bill of lading or proof of shipments. The connection therefore between the service rendered and the poster that was erected on the boards is shown by the shipping sheets or documents proving the dispatch of the posters from the shipping plant to the destination. It is not likely that we would ship out posters not to be put up or that the plant owner would bill us for something he did not get. On submission of the bill for service we checked
6145 that with our shipments and with the service book, as we called it, to see that the service was rendered, and furthermore, we have enormous quantities in our files of what we call location lists which are rendered to us by the plant owner showing the locations of the posters which we have shipped out. These location lists are used by us for checking purposes where we have men in the field and are returned to us with their notations as to whether the posting is to be paid for in full or whether there are complaints or any grievances or criticism. The proof that we have the posting is furthermore controlled by the Poster Advertising Company itself who have men in the field, inspectors. I do not think there is any question of a continuity of what was rendered by the service from the documents we have in our files. They are not together in the cashier's office. The documents are spread about, some in the general office, some in the miscellaneous files, some in the cashier's files, some
(4277) in the checking files, some in the reports of the salesmen. They all have to be brought together before proof can be produced or evidence produced that the service we pay for is evidence by the invoice of the printer.

In each and every instance we also had pictures of the posters. Larson Exhibits 30 to 36 contained photo-
6146 graphs of the posters designated by number, which number is indicated on the invoice from the printer. These photographs were pasted in those books at the time the poster was delivered or at the time it was ordered and those books were not prepared with the idea that they would be used in any law suit at all, they were all prepared before we knew anything about this law suit.

The men in the field that I have heretofore referred to

are what we call detail men. Primarily their object is to look after the distribution and sell our goods, but, knowing the towns they cover in advance, we send to them details of all advertising of an outdoor nature that is being done in the towns they pass through with instructions to check up such locations only as they can see or inspect without deviating from the work they are principally intended for, namely, distribution and sales. These location lists that are delivered by the plant owner to us in the field place go to them and are returned from them to us for our files with the notations thereon which they make—which the detail men make.

6147 In other words, we forward the location lists that we get from the posting service company to our detail men. As a matter of fact and experience these detail men continuously made reports during the accounting period with respect to these posters. They have done that all the time since we put out bill posters. They are our salesmen. Some people call them salesmen. We call (4278) them detail men.

6148 In these instances the detail men did report to me from time to time what was actually taking place in the way of bill posting. Where the location was not satisfactory or where the paper was torn we would naturally claim and would not pay; if the report from the men was satisfactory, we would pay. They would also check up to see that the posters we intended should be used were used and that we were getting service from our own paper for the money were were paying.

In all instances where we paid the reports were that the signs were up and in good condition. We have those reports in our files now subject to inspection. These various reports and orders to the printer and bills from the posting companies and other documents which I have just testified to are in existence, show the actual bill posters or photographs thereof that were actually displayed during the accounting period.

The books and records of the Wrigley Company which 6149 were available to or inspected by Touche, Niven & Company show that the Wm. Wrigley Jr. Company actually paid out for bill posting during the accounting period the amounts which these various reports filed by the Wrigley Company before the master show were paid out for that purpose. Those documents just referred to

show the data from which the allocation made by me as indicated on the filed statements and reports were made.

Referring to Wrigley Exhibit 65, Stanley 3 and Stanley 12, which show the details under methods A and B respectively of charges to Doublemint for advertising during the accounting period, I will state that the amounts shown thereon allocated to Doublemint for bill posting are correct. Those amounts are $487,161.01
(4279) under method A and $488,546.80 under method B
6150 as shown on those two exhibits, and I will also state that those amounts were taken from and are ascertainable from the data in the possession of the Wrigley Company to which I have referred.

When we are about to do any bill posting Wm. Wrigley Jr. Company itself orders the posters, and the posters are the sheets that are exhibited to the public by being pasted onto billboards located throughout the country. The Wrigley Company does not in fact directly procure the billboards on which to paste these posters. That is done through concerns that are engaged in the business of owning or leasing billboards more or less permanently fastened onto lots or on the sides of houses and buildings and located throughout the country.

It is not exactly correct to say that the posting concern then makes a contract with the Wm. Wrigley Jr.
6151 Company to see to it that the bill posters which are ordered, furnished and paid for by the Wm. Wrigley Jr. Company are distributed to the proper locations and put upon those billboards. We do not make any contract direct with the plant owners. By a plant owner I mean a man who owns the boards on which the paper is posted. Our contract is made with an agent of that plant owner such as the Poster Advertising Agency. Our contract for the whole country is made with them. They in turn make the contract with the plant owner who owns the boards. We ship the paper that is to go on these boards direct to the plant owner according to the shipping sheets delivered to us by the Poster Advertising Company so that we always are one field away from the actual plant owner.

We select the cities or villages or localities where the
(4280) bill posting is to be done on estimates submitted by the agent, Poster Advertising Company. I refer to the

Poster Advertising Company as the agent. The Wrigley Company's business is done with the printer so far as respects the printing and designing of the printed
6152 poster. Our other contract is with the advertising company, the Poster Advertising Company, which makes its arrangements with the owners of the spots or boards on which the posters are pasted.

Our payments are made then to two classes of persons, namely to the printer and to the advertising agency. The printer I suppose orders and pays for the paper on which these advertisements are printed. We pay the printer for the completed poster.

I mentioned the names of two concerns as attending to the posting or the service of posting and then I said the Briggs Company and the Poster Advertising Company. Those were not two separate concerns that were using at the same time. The A. M. Briggs Company was a separate organization in 1914. I believe in 1915 or 1916 the A. M. Briggs Company was absorbed by and became
6153 part of the Poster Advertising Company. The Wm. Wrigley Jr. Company was at no time in any way financially interested in either the A. M. Briggs Company or the Poster Advertising Company, except as we owed them bills, outside of the business relationship which I have testified was in existence between our company and that company there was nobody connected with our company who had any financial interest in either the Briggs Company or the Poster Advertising Company at any time. It is a fact that no financial interest of any officer of the Wrigley Company, or, as far as I know, of any employe has ever been found with any firm that we do business with. The same thing is true with regard to the
(4281) Stewart-Davis Advertising Company. There was no financial interest whatever by the firm or any member
6154 of the firm, and I can safely say of any employe of the firm with regard to Stewart-Davis Advertising Company. By the word "firm" I mean the Wm. Wrigley Jr. Company, the West Virginia corporation that is a party to this suit.

I will state what writings or documents the Wm. Wrigley Jr. Company has from which it can be shown that all of these disbursements for bill posting shown on our filed statements and accounts were actually incurred, and that they were incurred for the purposes designated.

We have the estimates or contracts made between the Wm. Wrigley Jr. Company on one part and the posting agency on the other part. I have brought a sample of such contracts or estimates with me. It is a very bulky document now before me. It is a contract for the bill
6155 posting of the Wm. Wrigley Jr. Company made with the Poster Advertising Company for the bill posting in 1918; that is, it is in the contract with addenda, alterations, corrections, but covers the so-called northern part of the U. S. A. only with a few exceptions. That contract, however, covered the entire business for the year in the territory to which it applied. The contract which I have produced is a specimen of the contracts that are in our files covering the bill posting items to which I have referred, but, as I remarked before, we do not have those contracts during the entire period because we do not lay very much weight on the contract. The actual service rendered is what we check and lay weight on.

These contracts of which I have exhibited a sample
6156 show a very large number of cities, the population therein, the number of posters to be put into each of those cities, the rate and the cost per month. The contract itself also fixes the cost of the poster advertising (4282) service.

The particular contract I have here is a bulky document probably consisting of several hundred pages.

(It was agreed that the document need not be offered in evidence but that it would be open to inspection by the parties, or the Court, at any time. The said con-
6157 tract was marked for identification, Wrigley Exhibit 65, Stanley 25, Bill Posting Exhibit A.)

I have not brought with me the order for the posters as that order would spread over several invoices, but I have brought with me an invoice from the lithographer showing our order number. Of course, the order is available. This invoice that I have now produced was selected at random from the files of the Wm. Wrigley Jr. Company. I gave instructions to take any one out during the accounting period.

(The said document was marked for identification only, with the understanding that it would be subject to be produced if any one connected with the case should thereafter desire to see it.)

(Said document was marked for identification Wrigley Exhibit 65, Stanley 25: Bill Posting Exhibit B.)

Wrigley Exhibit 65, Stanley 25: Bill Posting Exhibit B is a bill, dated 5/21/18, to the Wm. Wrigley Jr. Company from Sackett & Wilhelms Corporation, Brooklyn,
6159 New York, for $4,889.00, and covers 9,778 24-sheet posters, design 125, at 50 cents each, and states that it was to be shipped to "various addresses as per list attached," and indicates whether the shipments were to be made by freight, express or parcel post and the terms
(4283) of the payment, and also refers to "customer's order No. 6150" and to "our order No. L26,312."

The invoice has certain matters stencilled on it, among other things our company's stencil that it was charged May 31, 1918.

"Customer's order No. 6150" is the number of our order to Sackett & Wilhelms Corporation for design 128 24-sheet posters. This invoice is a partial delivery on that order.

There are among the files and records of our company copies of orders given by it for bill posting during the accounting period. When those orders are given to the
6160 lithographers and printers three copies are made at the time; one goes to the printer, one remains in the files in the general office of the Wrigley Company, and one goes out to the receiving department of the Wrigley Company.

When we send an order to the printer for posters we follow it closely with shipping directions, closely after the dispatch of the order, and those shipping directions are accompanied by the address labels for the various shipments, shipping instructions are sent to the lithographer in duplicate, one copy he retains for his files, and one copy is returned to us at the time the goods are billed and after a dispatch of the posters on the shipping lists by the lithographer. The shipping lists and invoice are accompanied by bills of lading or express receipts or parcel post lists.

Stanley Exhibit 26: Bill Posting Exhibit B, has a list of shipping instructions attached to it consisting of a large number of pages.

6161 That list of instructions is one of the two copies which
(4284) I said we went to the printer at or about the time we sent him the order for the posters, and is the list referred to in Bill Posting Exhibit B.

The so-called shipping directions consist of a list of cities and states, names of persons located therein and number of locations in the different cities and how the posters are to be sent to the specific parties named in the shipping list, with the exception that the number given against each town is not the number of locations but the number of 24-sheet posters that are sent to or for that point.

Attached to Bill Posting Exhibit B, we find at random "Hornell Bill Posting Company, Hornell, New York 10." In other words, ten of those bill posters were to be sent to that concern at that place by the printer. On these various invoices such as that now marked for identifi-
6162 cation Bill Posting Exhibit B there is the number of the design which corresponds with a photograph in one of the books, Larson Exhibits 30 to 36 inclusive. In this particular instance, that is, Bill Posting Exhibit B, the design number appears thereon as being design 128.

In order to ascertain whether those bills were correct, when we received the bills of lading in duplicate, or express receipts in duplicate, or the parcel post lists in duplicate, we forwarded one of the copies to the consignee with advice to inform us if the number of posters which were shipped there were received in time or were not received. In that way we always got information as to whether the number of posters that we were paying for were in fact received by the ultimate consignee. Occasionally we did pay for posters that were not so received. They would get lost and we would make a claim
6163 on the railroad company. Very few were lost except
(4285) during 1917. All of those items were taken into consideration when we prepared the accounts and statements that have been filed with the master. We paid for them whether they were lost or whether they arrived safely at destination. In preparing the account which was filed with the Master we included as part of the cost of posters such moneys as we may have paid out for posters that never reached their destination. Besides making inquiries of the ultimate consignees to find out if they got what they should have received, we made no further investigation other than the reports I have referred to before as having been sent in by our detail men, reports of the inspectors of the Poster Advertising Company and also the location lists of the plant owners

6164 which very often designated the design of the poster received as well as the location at which it was placed.

In the few instances where we found that posters did not reach their destination, and we made claims against the railroads and where payments were received from the railroads those credits went into the account that I prepared for the master. The last sheet attached to this Exhibit B for identification is the so-called charge slip or delivery sheet of the Sackett & Wilhelms Corporation and advice to us on their own form as contradistinguished from the advice to us on our forms, of the shipment of the posters shown in the invoice accompanying that charge slip. That was possibly issued by the shipping department of the Sacket & Wilhelms Corporation and a copy of it no doubt was sent to the billing department of the Sackett & Wilhelms Corporation.

The stencilled "Disposition" memorandum on Bill Posting Exhibit B is the stamp that is put on in the (4286) cashier's department of the Wm. Wrigley Jr. Company to show to what account this amount has been assigned in the segregation of our accounts amongst the 6165 various items of advertising. That was put on at the time this invoice dated May 21, 1918, was posted in our ledger, and from that memorandum it would appear that it was charged to an account called posters. The last sheet of that identification exhibit, Bill Posting Exhibit B, contains some pencil memoranda which show the number of posters given on the shipping sheets attached to the original invoice of Sackett & Wilhelms. That means in plain English that some of our employes at the time the bill came in checked up to see that the bill was right. We make investigations in due course and did during the accounting period, to see whether the bills from the printers tallied with the orders that we had given the printers.

I will explain the statement I made a few minutes ago 6166 that we also can be sure of the transportation of these sheets to the localities in which they should be posted from transportation charges: The lithographer in shipping the goods as per our instructions incurs certain charges. Those charges are our expense, therefore to reimburse himself those charges are all billed to us. It is a second rate proof that the posters ordered and shipped were actually shipped. It was customary during

the accounting period and since to receive from the printer a bill for these transportation charges. I have not brought one here, but I have them among the files in our office.

(Mr. Mayer stated to counsel for Larson Company that said bills were available for inspection.)

The bills of lading come to us in duplicate. One copy is sent to the consignee through the Poster Advertising
(4287) Company, one copy remains in our files. The copy
6167 that remains in our files goes to the freight department, the freight department receives the shipping list from the printer, checks it up with the freight bills, the freight bills are then checked as to individual amounts and the total of the freight bill is checked against the total rendered by the lithographer as a debit against us. The express and parcel post items are treated the same way from the shipping sheets.

Referring now to the bill posting companies I have already stated how we made the contracts with them for the posting of bill posters in various places, and there has been offered here as Stanley Exhibit 25, Bill Posting Exhibit A, a specimen of a contract with the bill posting company. After that contract is signed we receive from the Poster Advertising Company a service book in which is entered the town, the number of posters, the date of posting ruled in monthly columns. We then receive from time to time location lists through the Poster Advertising Company which are sent by the plant owner to them for submission to us. We keep those
6168 lists until we receive a report from our own men, or if we have no men in the locality, we retain them until we get the service bill from the Poster Advertising Company, which is a copy of the bills received from the plant owners, and check these up with our service book and with the location lists. If they are correct, we destroy the location lists and also the bills of the plant owner, or we return the latter to the Poster Advertising Company as of no value to us, our proof that the service has been rendered having been submitted by them.

I did not bring a specimen of these service books. That is a pretty large volume. But they are available to
(4288) counsel for the Larson Company and to the master, and to the accountant. We get these service books from the posting company once a year. We get the location

lists day by day during the life of the contracts. I did not bring a sample of a location list here. We do not
6169 retain those after we have checked them with the bill. The location lists are delivered to us by the Poster Advertising Company, but are received by the Poster Advertising Company from the plant owner. Those lists merely show the prices, locality in the village or city or country where the bill board is. As we get these location lists from time to time we check them off on the service book that we receive from the poster service company. We check up to see whether the service bills that are rendered to the poster service company and by it sent to us properly compare with the orders to the printers and our contracts with the poster service company. We of course compare that they check with deliveries from the printer, and also with the contract we have made for the space in a given time. I would like to remark that the reason we do not keep either the location lists or the bills from the plant owner is that they are so
6170 voluminous and serve no purpose after they have been checked that we do not retain them.

The location lists give the precise address where the board is located, such as 10 Dearborn Street or 15 State Street. After we have checked those up as far as we desire to those precise location lists are immaterial to us and we have, say, two hundred posters in Chicago, that's all we are interested in after the service is finished.

It has been our custom to destroy these location lists about six months after we have checked up on the bill. The destruction of those location lists was done before
(4289) 1918, concurrently with the finish of the contract. It had no relation with the decree entered for an accounting in this case. They are useless to us. In making up the accounting and the statements that we have filed here showing the moneys we paid out for bill posting I referred to, used or relied upon these various documents and data that I have described, I can now state that the statements showing the disbursements for bill posting as now revised and filed with the master on the various
6171 theories of allocation are correct and are ascertainable from the books, records and documents of the Wrigley Company to which I have referred. They are as correct as humanly possible.

I have further documents that throw light upon our charge for bill posting and allocation thereof. Here is a specimen bill from the Poster Advertising Company, Incorporated, for service rendered, that is for boards on which our paper has appeared in various cities, the dates when it appeared, the number of boards that were used and the amount charged up for the use of those boards. Those items are the ones on which I based our payments to this company for that service.

(Said invoice was at the direction of the Master marked for identification, but not introduced in evidence, upon Mr. Mayer stating that it was available to the Master and the Court, to opposing counsel and Touche, Niven & Company for examination, and that he was ready to offer it in evidence if the Master so directed.

6172 Said document was marked for identification Wrigley Exhibit 65, Stanley 27, Bill Posting Exhibit C.)

(4290) These various documents which I have produced furnish full particulars on which to base an apportionment as between brands of gum in connection with bill posting. They were available to Touche, Niven & Company at the time they made their report if they had seen fit to have secured them. We also have records by way of checks showing the payment by the Wm. Wrigley Jr. Company of every dollar that was included in the accounts filed by us in connection with the bill posting. They were also available at all times to the Touche-Niver Company while they were at our place.

6173 The Poster Advertising Company invoice, which I have produced as a specimen, and which is now marked for identification Wrigley Exhibit 65, Stanley 27, Bill Posting Exhibit C, appears to be perforated with a stamp showing payment and the date of payment. Those perforations were put on by the cashier's office at the time of payment in due course. As to which one of the invoices showed each brand of gum I will say that the printer's bills show the design number, and the design number is traceable because there is a triplicate of it. Posters are shipped to the destination and at destina-

6174 tion the service is invoiced. The connection between the two is that there can only be service rendered on what we ship.

Referring to the disbursements of my company for

advertising under the heading "Walls, Bulletins and Electric Signs," and to the remarks pertaining thereto contained in the Touche, Niven & Company report, Larson Exhibit 132, to the effect that they were unable to verify our apportionment of the expense for those objects without considering every one of our cards and building up an account by a certain calculation, and that
(4291) the cards themselves were in such unsatisfactory condition that Touche, Niven & Company doubted whether it would be possible within any reasonable time to make any satisfactory allocation of the apportionment, I will state what books, records and data were available to Touche, Niven & Company, and are still available from which the precise amount paid out by our company for walls, bulletins and electric signs during the accounting period can be ascertained, and from which the correctness of the figures reported by our company in the accounts and reports filed by it with the master can be verified. We have in our files the contracts and the location lists designating what is being paid for and the bills showing what we paid. Supplementing our location lists, which Touche, Niven & Company evidently could not under-
6175 stand, are reports from the Thomas Cusack Company of which I brought a specimen over and now have with me.

(4292) Wednesday, January 17, 1923. 10:30 AM

WILLIAM HENRY STANLEY, resumed the stand for further direct examination by Mr. Mayer:

6176 There is nothing more I want to add to my last answer. Those documents to which we have referred furnish full and sufficient data to show and support the amounts with which we have charged Doublemint in the accounts and statements filed by us with the master. An inspection of those documents will show that when apportioned to Doublemint on method A and method B Doublemint should be charged with $247,736.89 on method
6177 A and $250,416.48 on method B as shown on Wrigley Exhibit 65: Stanley 3 and Wrigley Exhibit 65: Stanley 12 respectively under the column headed "Painted Walls, Electric Signs."

My company has on file the books, checks, and vouchers showing the actual payment by my company of the amounts just stated for the items referred to during the accounting period.

As to whether all of those books, checks, vouchers, contracts, location lists, bills and reports from Cusack & Company, to which I have referred, have been at all times available to Touche, Niven & Company since they were first authorized by the master to examine the records of our company, I will say the full number of the location lists delivered by the Thomas Cusack Company are not on file. We can, however, take recourse, if proof is wanted, to the files of the Thomas Cusack & Company, but our location lists do, in spite of what
6178 Touche-Niven say, disclose exactly what has taken place in the way of painted walls; they also show exactly what has been contracted for, paid, and what was done with electric signs.

(Mr. Aldrich stated that Touche, Niven & Company
(4293) stated under this heading that the amount paid out was $258,939.08, and he asked the witness how the difference arose between that and what is shown on Wrigley Exhibit 65, Stanley 3 and Stanley 12.

The witness said that was because Stanley 3 and Stanley 12 have been corrected, that he had testified Monday that there had been certain errors, omissions and new bills found which have been corrected, and as a result the last corrections or final revised figures differ slightly from those contained in the original filed report; and also that he had stated in his testimony Monday that Touche, Niven & Company had taken the Wrigley Company's basic figures which were incorrect; that they had not attempted to check Wrigley's basic figures.)

6179 When I say incorrect I mean incorrect to the extent and in the manner I have referred to. Some items were carried into the wrong column—take for instance, an item of $70,000 is in the newspaper column, which should be in the street car.

The total of the advertising account on our summary lists of which I have made mention already, such lists as are delivered monthly to Mr. Wrigley and myself tally exactly with our ledger, there is no doubt about that, but in the distribution of these total amounts into the

various items errors have crept in by transposition of figures from one column to another. The totals agree but not the distribution. That is, some items were put under street car advertising when they should have been under bill poster or vice versa, this being by way of illustration.

(4294) Touche, Niven & Company, to save time, took the same short cut we did in our original method of arriving at the allocation to Doublemint, namely, took for granted that our summary lists were correct. They did not go into any details or try to find out whether the amounts carried into our summary lists were absolutely correct because they only checked up our summaries with the total shown in the ledger of the payments made for ad-
6180 vertising. I might add there that the checking of the summary list naturally involves the work we have been doing for the last year or so.

The heading referred to as "Walls, Bulletins and Electric Signs" under the summary on page 5, Larson Exhibit 132, as "Walls, Bulletins and Electric Signs" refers to the same thing as the heading reading "Painted Walls, Electric Signs" in Wrigley Exhibit 65, Stanley 12.

I have brought here a specimen copy of these various contracts and reports from Cusack Company, and bills and location lists to which I have referred in connection with my testimony pertaining to the painted walls and electric signs.

6181 (Mr. Mayer then stated that he would offer the said lot of documents in evidence or have it marked for identification, as the master preferred, with the record showing that it is available to counsel and to Touche, Niven & Company together with our books and records having reference thereto, and a stipulation that the original will be subject to production when the master or the court or opposing counsel wish it in court. The master indicated that it should be marked for identification.

Said lot of documents were marked for identification Wrigley Exhibit 65: Stanley 28, Walls, etc. A.)

(4295) This document I have produced now, marked for identification Wrigley Exhibit 65: Stanley 28, Walls, etc.
6182 A, is an original contract and correspondence pertaining thereto that was executed in due course of business at or about the dates shown thereon. This contract is typical of the contracts which are referred to and under

which these moneys were expended for painted walls and electric signs and bulletins.

Thomas Cusack Company are and were during the accounting period advertising principals taking care of painted walls, bulletins and posters. They are engaged in what is commonly known as one branch of outdoor advertising. Their work covered the whole United States.

This particular contract that I have produced marked "Walls, etc. A", calls for the painting by the Thomas Cusack Company of 155 Spearmint signs and 110 Doublemint signs in a very large umber of towns in Illinois for a period of twelve months following June 5, 1916.

6138 Thomas Cusack & Company did not attend to all of that class of outdoor advertising for us during the ac counting period. There were others engaged in similar lines of business. We made contracts with them similar to the one I have produced here with the Thomas Cusack Company. All of these various contracts for this class of outdoor advertising that referred to the accounting period did not always specify either the number of walls or the type of wall or the wall.

The contract with the Cusack Company marked A was an innovation in 1916. We formerly made contracts for a specific superficial area at a specified price, the locations to be subject to our approval, copy to be subject to (4296) our approval. Some contracts would run over three, four or five years and would be changed from time to 6184 time as we desired.

Beginning with about March, 1916, when we began to do business with the Thomas Cusack Company the type of the contract and the forms and general character of their contents were similar to the one produced here. Prior to 1916 we did a little contracting by specifying what was contracted for in detail. When we made contracts with concerns other than the Cusack Company which did not in terms specify the subject matter of the contract we have in the way of records showing what these particular signs were the letters in the files transmitting the copy, and also the confirmation from the outside advertising firm, stating what was painted, when it was painted and the size of the bulletins or wall that was painted. From that correspondence it is possible for us to determine precisely what it was that those other out-

door advertising concerns did for us, and the nature of the work, and what it cost. Not only that, but the details of such work was carried by us very carefully on the card system. No bills were passed except they were checked
6185 by our card system. The card system is really a collation of the information which came in from the location lists or through letters.

After we made these contracts that I have referred to, either with the Cusack Company or the other companies, the information and the facts covered by all of those contracts were transferred in some form to what I call our card system. That card system was kept up day by day in the usual course of business. As the advices would come in they would be transferred immediately to the cards by a competent man.

I have here a specimen card. It was taken at random
(4297) from our files, but in conjunction with the contract and the advice and the bill. That is, I picked out a card that will enable us to follow out some particular part of the contract.

(Mr. Mayer offered the card in evidence, either as a physical exhibit or for indentification, in the same way as he had done with the immediately preceding exhibit and under the same conditions. The master stated that he preferred it to be offered only for indentification.

Said card was marked for identification, Wrigley 65: Stanley 28, Walls, etc B.)

The information put on these cards, such as the one now marked for indentification Wrigley Exhibit 65: Stanley 28, Walls, etc. B, shows what was done by way of painting walls or bulletins and signs, when it was done,
6186 where it was done, the expense thereof, and also contains a reference to the date of the contract. I will point out what there is on this Exhibit B that has relation to the Cusack contract of March 17, 1916, offered for identification as Walls, etc. A this morning.

The card is headed Lincoln, Illinois, whi is one of the towns mentioned in the contract marked Wrigley Exhibit 65: Stanley 28, Walls, etc. A, and it shows that there were to be two Spearmint and one Doublemint painted walls at Lincoln, Illinois. The card shows that on 3/18/16, which means March 18, 1916, there was painted at 529 Pulaski Street, each side of the street, one Spearmint
6187 wall design No. 1, size of wall 18 by 38 feet, square feet

684, total cost per annum $36.00, and that the contract was to run from June 5, 1916, until June 5, 1917, a continuation of a contract we had already at Lincoln, Illinois.

(4298) Following that on the next line of the card, Exhibit B, is a ditto mark under date of March 18, 1916, the address 608 Broadway, Spearmint painted Wall with No. 3 design, 13 by 45 feet in area, 585 square feet in all, at $36.00 per year.

On the following line of the same exhibit, starting at the same date, March 18, 1916, is a Doublemint wall situated at 116 Chicago Avenue, north side of the street, painted with a No. 2 design, 17 by 25 feet, giving a total square footage of 425 square feet, at $36.00 per year, the contract running from 6/5/16 to 6/5/17.

The card is a form that was regularly used by my company during the accounting period and in due course. The card has certain lines with heading indicating locations, then a representation of a spear, then a representation of a double headed spear and then columns marked "Dimensions", "Sq. Ft.", "Lineal Feet", "Price", "From", "To", "Repaint".

6188 As to whether our memoranda on that particular card marked "Walls, etc. B" indicate whether or not those two Spearmint and one Doublemint wall referred to thereon were repainted, I will say the remarks against the three addresses I have given show the date March 18, 1916; although the contract for the continuation of the walls runs from June 5, 1916, to June 5, 1917, they have antedated the date of the contract for painting by the difference between March 18th and June 5th. We had at the same town before the contract marked Wrigley Exhibit 65: Stanley 28 came into force other locations, and I see we have been continually painting in the same town from June 5, 1914.

I get that information from the same card offered as "Walls, etc. B". Very often it is impossible to repaint

(4299) the walls on a contract on the date at which the original contract was made or when the original painting was done.

I have said that the card marked "Walls, etc. B" shows that there was a Spearmint wall painted according to design No. 1, another Spearmint wall painted according to design No. 3, and a Doublemint wall painted according to design No. 2. Those design references

6189 "Design No. 1", "Design No. 2" and "Design No. 3" are key numbers used in connection with the chart we have on file. Each separate design was given a key number, and from that key number we can tell what design was painted.

In preparing the accounts and the statements which I have now filed with the master, and in arriving at the figures which I have furnished thereon, a reference was made to each of the designs so as to know exactly what was on all of them. I have not used the word "design" on the card that I have produced here. As to what I have used or as to what there is shown on the card from which I can tell that the numbers 1, 2 and 3 refer to design numbers, I will say we have got the sign standing for number, the double cross, before the actual figure which refers to the number of the key, the key of the design.

The book that contains these various designs has been
6190 available to Touche, Niven & Company at all times since they started to examine our books.

The only key chart we have is with the working papers from which the amounts allocatable to Doublemint are arrived at. The key chart is a lithograph chart in colors showing key numbers and the designs that are referred to by those key numbers. The key number is superimposed by the design in colors that is painted on the wall. For instance, a number 1 is a Spearmint design without the package it is the logo-type of the
(4300) Spearmint trademark. It is in certain colors. I believe it has a yellow background. These colors are reproduced exactly on the key chart and all designs were painted from this key chart. The men were supplied with similar copies when they painted the wall; the original key chart is with us.

In other words, by looking at the key chart one looks at the exact thing that is on the walls painted in these outdoor advertisements—an exact reproduction excepting as to the size of the thing that is on the walls painted in these outdoor advertisements. The proportions on the key chart are exactly the same as the proportions of the original on the walls or wherever the painting is done. The designs were always enlarged proportionately, or in the same proportion, by the key chart.

6191 I think a little explanation should be put in there as

to our reasons for not building up a segregation of the walls and bulletins as far as other brands than Doublemint were concerned. We have not done it to this day and will not do it because it is of no use to us. The only reason why we did it as to Doublemint was in order to enable us to report to the master just how much we paid out for advertising Doublemint. We only took off our cards that amount which is applicable to Doublemint and the proportion which Doublemint stood to the rest.

In arriving at those figures we did not take into consideration the other material that is on the card. We had nothing to do with Spearmint. We have not today even made any calculations as to the charge for Spearmint. Touche, Niven & Company in their report say that they cannot check our figures with the Spearmint
6192 figures. The balance which we have not taken for Doublemint is naturally applicable to all brands, but whether it is applicable to Spearmint or Juicy Fruit we
(4301) have not attempted to find out. But in making our measurements on the advertising material itself we have taken into consideration the relative space occupied by the different brands in drawing off our figures for Doublemint where there has been more than one brand.

Referring to this type of outdoor advertising covered by walls, bulletins and signs, or by my heading "Painted Walls, Electric Signs" on my Wrigley Exhibit 65: Stanley 3 and Stanley 12, some of that advertising covered more than one brand or referred to more than one brand. Where it referred to more than one brand I made the actual measurements and allocations in the same manner that I have already testified I did with regard to newspaper and magazine advertising. There is no reason why Touche, Niven & Company could not have ascertained from these books, records, checks, vouchers, contracts, location lists, card systems, bills, reports and other data
6193 that we had regarding this outdoor advertising the same information that I have found and reported to the master if they had taken the time and desired to do so. It was question of time and labor. We were in the habit of getting records from Cusack & Company regularly as to just what they had actually done under their contracts. We got those reports day by day.

I have here a specimen of such a report. It is on one

of the letterheads of Thomas Cusack Company, outdoor advertising. Doublemint walls, and it shows the town and state and location and dimensions and number of square feet of advertisement.

(Mr. Mayer offered the said document in evidence as an exhibit for identification, and stated it was subject to the inspection of counsel and the court whenever needed.

The said document on letterheads of Thomas Cusack Company was marked for indentification Wrigley Exhibit
(4302) 65: Stanley 28, Walls, etc. C.)

6194 I will explain my statement about there being some location lists not on our files but on Cusack's files but that we too have some location lists. In the early part of the Doublemint accounting period we stated in our testimony before that there were certain documents, vouchers, bills, and so forth, that were missing. Where a voucher or document has been an original we have not been able to supply the original, but we have had recourse to information from the various firms that supplied the original copy to us as to what was contained in those originals. Among such information is information we received from Thomas Cusack Company as to exactly what information they had furnished us. That, nevertheless, does not vary the information contained in the cards at all.

I have been referring to location lists, not to contracts. I have been referring to some bills, but not to reports.

6195 That information which I have procured from Cusack is now available to Touche, Niven & Company. Documentary evidence to connect up and show the actual disbursements for this type of advertising is all available. It was not available at the time Touche, Niven & Company made their examination. We did not account for any part which at that time was not available.

As to whether I mean by that that I have now included things that were not included in the original statement filed with the master, I will say there were some differences between what we filed in the first place and what we are now filing. We did not have the information. We could not tell what they were for, and they occasionally got into the wrong columns. That is where we found out that the basic figures we used were often wrong and our wrong figures led to misleading Touche, Niven & Company.

(4303) (Mr. Aldrich then stated that he did not see why it
6196 was necessary to refer to Thomas Cusack Company's records if all the information was contained on the cards.)

In the case of the Thomas Cusack Company we had certain information, such as given in our cash book, showing payments. We had the information on the cards showing locations and details. We did not, however, have the bills of the Thomas Cusack Company which would be necessary for an auditor to have to vouch for the payment in the book or the entry on the cards. They have now been furnished in duplicate by the various companies.

I have brought here a sample bill for this type of outdoor advertising.

(The witness produced a package of documents attached together.)

This package of bills from the Cusack Company that I have now produced shows the date of the bill and whether it was for Spearmint wall service or for Doublemint wall service. In other words, the exact kind of service and the state in which it was rendered, the period of time in which the service was rendered and the number of square feet of walls and the cost per square foot
6197 and the total. That is an average specimen of the type of bills that we were always getting from Cusack & Company during the accounting period while we were doing business with them.

During all periods we could not tell from examining those bills whether it covered a Spearmint service or a Doublemint service or both. As I say, we insisted on that from 1916 on, but before then we had not insisted on them segregating into Spearmint or Doublemint.

Before we got these bills that were used after 1916 I will state what information we had and what way of checking up so as to know what was being painted and
(4304) what we were paying for it. We received the location lists which were immediately carried onto our card system. No bill was passed without our card system was used to check the bill up with. We were satisfied in every instance before we paid a bill for any service of this outdoor advertising at all times during the accounting period that the particular service being paid for had been rendered.

6198 (Mr. Mayer offered in evidence the specimen bills from Cusack & Company under the same conditions as he had offered Exhibits A, B and C, and asked to have it marked Walls, etc. D for identification. It was so marked.)

I have produced here a specimen or sample of what I have referred to as being a location list. It has already been marked for identification Wrigley Exhibit 65: Stanley 28, Walls, etc. C. I have also stated that we received reports from the Cusack Company from time to time with respect to the nature of the work they were doing for us. I have produced a sample of such report. It is the same as the location list referred to in the previous answer.

I have here a purchase order for our posters that were referred to while I was testifying as to bill posting.

(Mr. Mayer offered the exhibit for identification under the same conditions as the other documents which he had just been offering with regard to this advertising. The master said it might be done. The said document was a purchase order by Wm. Wrigley Jr. Company addressed
6199 to Sackett & Wilhelms Corporation in Brooklyn, to be delivered as per Wm. Wrigley Jr. Company's instructions, for 50,000 24-sheet posters A-128, to be printed and handled as regards delivery as per the Wrigley Company's instructions and in accordance with the letter re-
(4305) ferred to. Some ink notations appeared on the order, which is order No. 6150, so that the quantity appears to have been changed from 50,000 to 40,000, in accordance with the Wrigley Company's letter and telegram referred to on the order.

Said purchase order was marked for identification Wrigley Exhibit 65: Stanley 27, Bill Posting D.)

Referring to that part of our charge against Doublemint for advertising in street cards and as to which Touche, Niven & Company in their Exhibit 132 say amounts to $625,219.80 in our original filed account, and
6200 as to which they also say at page 8 that the records of my company pertaining to that class of advertising were found to lack the same essential information for a proper apportionment as was explained by them under the caption of bill posting, namely, that while our invoices covered charges for printing and lithographing and contained a reference for the design and thus permitted an apportionment of that part of the charge, that the greater part, namely 95%, of the money value of the invoices is

for space rentals, services in connection with placing and writing car cards, reshipping charges, and so forth, and that such invoices contain no such particulars of the design or other data on which an apportionment could be based, I will state what the facts are with respect to that.

The files, books, documents and papers of the Wm. Wrigley Jr. Company disclose a conclusive chain of evidence as to what was done in the way of street car advertising, and although the bills rendered for service do not and never did disclose what design was used in a street car where service was rendered for which we were billed, there is documentary evidence enough to show what design was used during certain periods. I might say the scrap books themselves are marked up showing exactly what card was used month by month, a copy of the design in black and white or colors, and are the funda-
(4306) mental details on which we built up the charge to
6201 Doublemint in the accounting presented to the master, plus the bills for service.

Those records show such information as to disclose that the total amount which we have charged Doublemint in our filed accounts and statements for street car advertising was solely in connection with the advertising of the Doublemint gum using the method of allocation which I have described. In other words, our records and documents are so complete as to support every dollar which we have so charged.

Wednesday, January 17, 1923. 2 P M

WILLIAM HENRY STANLEY resumed the stand for further direct examination by Mr. Mayer:

6202 Shortly before adjournment while testifying on the subject of street car advertising I gave an answer to the effect that we have documentary evidence enough to show what design was used during certain periods. I meant by that that our books show without a doubt what design was used during each and every period during the accounting period.

I will explain the general type of vouchers and records that we have and which were available to Touche, Niven
6203 & Company while they were examining our books which will show the amount of street car advertising as re-

(Mr. Mayer offered in evidence the three documents ported in my company's accounts and statements filed before the master and on which we based the amounts which we have charged to Doublemint on our theories of allocation, and which amounts are shown on Wrigley Exhibit 65: Stanley 3 and Wrigley Exhibit 65: Stanley 12, under the heading "street cars."

We have the contract for advertising in the street cars giving us the right to use the space. We have copies of
(4307) the orders ordering the cards which were to go in the space, the invoice for those cards from the lithographer, and the shipping lists showing where the cards went, the transportation charges thereon, the bills of lading substantiating the shipping lists, the scrap books showing the dates on which the cards were to be inserted and were inserted, correspondence in the files showing that the cards were inserted and were checked, and the charges from the advertising agency letting the space in the cars on which our cards were inserted.

The scrap books which I have referred to show copies of all the advertisements or cards which appears in the
6204 street cars. Those books have already been exhibited before the master as Larson Exhibits 30 to 36, inclusive.

Those are not Stewart-Davis. Stewart-Davis do not have anything to do with the street car advertising further than the preparation of the design. Some of those street car cards that are included in the street car advertising that I have now reported to the master cover more than one brand each. That is, there would be some cards that would refer exclusively to Doublemint, others that would refer exclusively to Spearmint, and some to both, and some to the three brands, Spearmint, Doublemint and Juicy Fruit.

I have examined all of those advertisements in connection with the preparation of these exhibits that I have
6205 filed this week. I have made measurements in the same general way that I have heretofore described to the master. I have made allocations of the cost of that street car advertising on the different theories that I have already explained to the master. The result of that investigation, based on the data that I have referred to and the allocations that I have referred to, is correctly shown on these exhibits that we have filed. According to method A, Doublemint is chargeable for street car advertising, as shown on Wrigley Exhibit 65: Stanley 3, with $578,-

181.00; on method B that amount is $586,787.58. That is
(4308) indicated on Wrigley Exhibit 65: Stanley 12.

There are in the files of the Wrigley Company cash
6206 books and ledgers and other books of account and checks and vouchers showing that every dollar which we assumed to have been paid out for street car advertising in preparing those exhibits was in fact paid out for those purposes. All of those records and documents have been available for inspection by Touche, Niven & Company from the time they began to examine our books. No books, documents, papers or vouchers called for at any time by Touche, Niven & Company have been refused them. I have brought here a specimen of the contract for street car advertising to which I have referred.

(Mr. Mayer offered in evidence for identification said document as Wrigley Exhibit 65 for Identification, Stanley 29, Street Cars A. Said he was offering the same subject to the same terms and conditions as he had of-
6207 fered the other documents pertaining to the advertising details with the statement that they were available for inspection by Touche, Niven & Company or the master or the courts.)

Generally speaking, these contracts such as I have described pertain to the insertion, at a certain specified price, in street cars at different places throughout the country of advertising cards to be furnished by my company. Those street car company advertising contracts are accompanied by detail information showing the name of the city and the number of the cars in the respective cities. I have a sample here of one of those contracts of the type referred to.

(Said document was marked for identification Wrigley Exhibit 65: Stanley 23, Street Cars B, the exhibit being produced and offered under the same conditions as the
(4309) other advertising exhibits in this connection had been produced and offered.)

The contract now marked for identification Wrigley Exhibit 65: Stanley 29, Street Cars A, and the list of cities with the number of cars therein now marked for identification Wrigley 65: Stanley 29, Street Cars B, bear different dates, the former, Street Cars A, being dated June 22, 1916, and the latter, Street Cars B, having written on it in ink by some one "Adjustment 10/1/19." That particular list of cities with the number of cars

6209 therein marked B has a relation to the contract marked Street Cars A. The writing "Adjustment 10/1/19" was inserted on that by one of my assistants to show that this original list was adjusted October 1, 1919, and the pencil figures given on this list show the adjustment to the number of cars in each city at the date, October 1, 1919.

By "adjustment" I mean that the number of cars in the cities were changed from time to time.

The document now marked "Street Cars B" is the document as originally prepared and a part of the contract of June 22, 1916, marked A.

The next step the Wrigley Company took after making the contract with an advertising company for the exhibition or display of cards in certain cars of our advertising matter was to order the cards to fill the space. We did that direct with the lithographer.

6210 We write to the advertising companies with which we contracted for street car space and find out the number of cards that they will require to fill the spaces we have contracted for plus any space they may give us free. The information we gather from them is entered onto shipping sheets and the total number of cards arrived at. We then place an order with the lithographer for cards sufficient to cover the addresses given on the shipping sheets which show the destination to which the cards go.

I would say that the order describes the design of the (4310) card. I mean it is described by our key number. In the order which I have produced here the card is described as "Series 81."

6211 Having then given an order to the lithographer for a designated quantity of cards described in the order by key number, we do not at the same time advise the lithographer where to ship those cards. We do that shortly thereafter because it consumes some time in lithographing the cards. In due course we receive a bill from the lithographer for the cards, and other bills for the expenses incurred in packing and shipping, freight and so forth. Those bills from the lithographer identify by key number the particular cards or advertisements for which the charge is made.

I have a specimen of such a bill here. It is attached to the specimen of an order for the printing of these 6212 cards which I have produced. There is also attached to the bundle of papers which I have produced contain-

ing the bill from the lithographer, namely, The Gugler Lithographing Company, and two purchase orders from the Wrigley Company to that lithograph company, Nos. 8390 and 8391; and a few freight bills and some notations about cards received at Chicago for reshipment. That shows a receipt from the Gugler Lithographing Company at Milwaukee by Wm. Wrigley Jr. Company and a card of advice of some of the series 81 car cards by the Gugler Lithographing Company.

(Mr. Mayer offered in evidence this last batch of papers under the same conditions as the prior offers of similar documents. The said papers were marked for identification Wrigley Exhibit 65: Stanley 29, Street Cars C.)

The words and figures "Series 81" appearing on this last batch of papers now marked for identification Wrigley Exhibit 65, Stanley 29, Street Cars C, refers to the
(4311) series of designs of car cards No. 81 as shown by our
6213 scrap book, one of the Larson Exhibits 30 to 36 inclusive. I have a specimen or sample of the shipping list that I refer to.

(The witness produced a package of papers which were offered in evidence for identification, subject to the same conditions that were referred to in connection with the last few exhibits. Said papers were marked for identification Wrigley Exhibit 65, Stanley 29, Street Cars D.)

That bundle of papers that has now been marked for identification Wrigley Exhibit 65: Stanley 29, Street Cars D, is a list of shipping instructions to the lithographer, giving the series of the cards to be shipped, how to ship them, to whom to ship them, how many to ship, which are particulars furnished by us from information received from the various agencies selling us the space in the
6214 street cars for the insertion of street car cards.

During the accounting period we were doing business with more than one street car advertising agency, so that the contract that I have produced here is just one of many orders taken at random.

The shipping lists so-called, now marked Street Cars D, show in addition to the particulars I have already given, the routing, the weight, charges incurred for freight, express or parcel post, and the dates of shipment of the various items and the shipping lists. It also shows the exact number of street car cards which are to

go to our order. In this instance those invoices also specifically refer to Series 81. That Series 81 is the same Series 81 that was referred to in the other documents that I have already described.

6215 The exhibit for identification "Street Cars D" contains something else besides what I have already described. Attached to the shipping lists are the bills from the lithographer for packing, covering freight expense,
(4312) express and parcel post expense, and a summary of the expenses incurred in connection with series 81. Those bills on their face refer to series 81, and severally show what the charges are for.

We have the bills of lading, the express and parcel post receipts in connection with the shipment of these cards. The street car advertising companies render bills to us
6216 each month, and they did during the accounting period, stating the number of cards and the total amount due from us to the street railway advertising company for the service they have rendered by space allotment to us. When we get these bills they are checked up with our card system.

We keep a card for every town where there are street railway cars in which advertising can be placed. These cards give the particulars as to the number of cars, the territory covered, the rate per car and the length of the contract. The card system is the basic matter on which we check every monthly bill.

When the cards are sent from the lithographer to the consignee at the same time we dispatch or have dispatched an advice to the consignee that the cards are going forward. It is a printed form telling the consignee what is to be done with the cards and giving the date on which they are to appear in the street cars for a change from the old cards that were in when the new ones were placed. This form of letter asks for advice if the cards should be delayed in arrival, but we do not ask for any acknowledgment of receipt. We take our own method of checking whether the cards are inserted or not at due
6217 date or proper date.

In every instance where we have made a charge in the accounting here for street car advertising we have had at least a statement by way of the bill from the advertising company that these cards were in fact put into the cars. We always ship more cards than the contract calls

for as to the number of cars in which our cards should be inserted.

(4313) I also know as a matter of fact that all these moneys were actually paid out by my company for the purposes that I have supposed. I have not the slightest reason to suppose that false statements have been sent to us for street car advertising during the accounting period.

It is part of the detail men's duty to make observation and report as to our street car cards, and they in fact do make such reports. It was the custom during the accounting period for the Wrigley Company to keep in-

6218 ventories in the regular course of business of all material, including street car cards; so in that way we have another check on the acquisition of these cards and their getting out of stock.

(Mr. Mayer then offered in evidence for identification under the same conditions as he had been offering the last half dozen or so documents, the said bill. Said bill marked for identification Wrigley Exhibit 65: Stanley 29, Street Cars E.)

When these bills come in for the street car cards both from the lithographer and from the advertising companies we make a thorough check to find out whether they are right before paying them; and that the services billed have been rendered. The credits attached to the invoice

6219 of the Street Railways Advertising Company show that we check them pretty closely.

As to how that shows it, I will say those are reports from various sources which say service is not being rendered and we demanded a credit on the invoice for that lack of service.

As to how many places we got reports resulting in our insisting upon credits in connection with that single May 1st, 1918, invoice from the Street Railways Advertising Company, marked Street Cars E, I will say 57 towns show credits.

(4314) The numbers opposite the various cities named in those credit memoranda attached to identification Exhibit Street Cars E mean the number of cars for which we were originally charged in the bill dated May, 1918. They are included in the debit shown on the bill dated May 1, 1918, from S. R. A. Company, Wrigley Exhibit 65: Stanley 29, Street Cars E.

6220 We got the information to show that there was un-

rendered service for the number of cars in those fifty odd cities named in that credit memorandum from various sources, our own salesmen, our detail men, our branch office reports, inspectors of the Street Railways Advertising Company, newspaper clippings, general correspondence, sometimes from the public.

Those advertising companies with whom we were making our contract during the accounting period were employing inspectors to watch and report as to whether the contracts with us were being complied with, and they have numerous offices all over the country and inspectors. All of those documents, reports and correspondence vouchers, books and records pertaining to these disbursements for street cars are available for inspection by Touche, Niven & Company.

I do not have any recollection whatsoever of any member of the firm of Touche, Niven & Company or any employe asking me directly as to the allocation of the
6221 charges in connection with street car advertising. I believe they did request information once or twice from employes in our cashier's department which was brought to my attention, but I have no recollection of any direct demand for information as to allocation on street car advertising. I at all times furnished the information that was requested of me. There was never any occasion when I told anybody connected with Touche, Niven & Company that I was unable to explain any apportionment that I had made or the basis of any apportionment that I had made.

(4315) Referring to that part of Touche, Niven & Company's report which says that our filed report charges Doublemint with $69,216.29 for "Miscellaneous" and their comments thereon on page 9 of the Touche-Niven filed report, Larson Exhibit 132, to the effect that $56,-816.86 of that amount represents amounts paid United Cigar Stores in 1914, 1915 and 1916 for advertising on book matches, the entire amount of which the Touche, Niven & Company report says has been charged by our
6222 company to Doublemint, and also referring to their statement on that subject, to the effect that samples of those book matches were not available for inspection and consequently they could not express an opinion as to the correctness of the charge, I will say I have here a sample of those book matches that were used by the Wrigley

Company in due course of its business during the years named.

(Mr. Mayer offered in evidence a sample of said book match cover. It was received in evidence and marked Wrigley Exhibit 65: Stanley 30. Mr. Aldrich agreed that a photographic copy might be substituted for the original.)

6223 (Wrigley Exhibit #65: Stanley 30.)

(4316) Wrigley Exhibit 65: Stanley 30, is a cardboard pro-
6224 tecting cover of a so-called match book. Match books containing covers similar to this were issued for a certain period by all stores of the United Cigar Stores Company free of charge to its patrons, and we paid for the privilege of advertising on one cover of this match book, the United Cigar Stores having the privilege to give them away in their stores to their patrons.

I presume that the United Cigars Stores Company arranges with the Diamond Match Company for the furnishing and payment and printing of the cardboard, but we do not see these match books at all. We are billed per month for the number of book matches that are issued by the United Cigar Stores and by the C. A. Whelan Stores for the number of book matches that they have distributed. The United Cigars Stores Company attends to the procurement of these covers, and not us. We have bills and vouchers and checks to show that we actually paid the amount which we charged in the accounting that we have now made before the master for these covers. Those vouchers and accounts an drecords are available
6225 for inspection by Touche, Niven & Company. We have the checks showing those payments.

I have not brought here into court any documents at all pertaining to this subject matter other than the cover itself. All the vouchers and documents are in the file and have been inspected by Touche, Niven & Company, but there was no documentary evidence to show what the match cover, the book match cover, looked like because we did not formerly attach such items to our bills for payment.

I will state what information I had to satisfy myself that these bills that we were receiving from the United Cigar Stores Company and from Whelan for those match
(4317) covers referred exclusively to the Doublemint brand,

as shown on Wrigley Exhibit 65: Stanley 30, and did not refer to any other Wrigley brand.

The designs before being printed were submitted to us, were passed on by us and were billed to us showing the number of book matches that had been distributed, and we have written information from them over the vice-
6226 president's signature that a certain quantity were distributed with that Doublemint brand on. We have not, and could not, check up to see whether the identical number to a single unit were distributed or not; they were paid for by us. That is, we have the bills and reports to us from the United Cigar Stores Company and from Whelan, or whoever issued the match books, showing the number that they had issued and what brand of our gum was printed on that number. We have that information in the way of correspondence. I see I have part of that here in court.

I do not know what the matches cost. We did not pay for the matches. We paid for the advertising privilege
6227 only. We had no reference to any designs to distinguish the match books that had Spearmint on and those that had Doublemint. For a time they ran Doublemint only. Subsequently we used book matches with Spearmint and with Juicy Fruit.

The $56,816.86 charged against Doublemint on the original filed account and referred to by Touche, Niven & Company on page 9 of their report as representing the amount paid United Cigar Stores in 1914, 1915 and 1916 for advertising on book matches cover the advertisement of Doublemint as shown on the card, Wrigley Exhibit 65: Stanley 30.

Our files will show correspondence and documents indicating the number of match covers or book covers similar to Wrigley Exhibit 65: Stanley 30, which were distributed by these cigar concerns and paid for by us. In
(4318) addition to the bills that we have received from those distributing concerns, we have our checks showing payment.

6228 I don't know that I have examined all of the documents and correspondence to which I have now referred under this item of "Miscellaneous" in arriving at the figures which I have used in the various documents that we have now filed before the master. I have examined documents enough to arrive at that figure.

From that examination I am now prepared to state that the amounts shown on Wrigley Exhibit 65: Stanley 3, under the heading "Misc. Adv. Matches, etc.", and on Wrigley Exhibit 65: Stanley 13 under a column similarly headed, viz., $68,444.12 chargeable to Doublemint under method A, and $68,448.49 under method B.

There is nothing further that I wish to say under the subject of miscellaneous advertising except to state that the charges included in the Doublemint accounting for the book match advertising does not include any advertising on book matches of any other brand but Doublemint. Those were all precisely the same as Wrigley Exhibit 65: Stanley 30. I said that these payments were made to the distributors from month to month.

6229 (Mr. Aldrich stated to the witness that he noticed that he had changed in his tabulation that amount from the amount given on page 9 of Touche-Niven's report to approximately $12,000 more than that.)

There is no change in the charge for the book match advertising. There are switches of other items from other columns. That is, there are other items which have been switched from other columns, may be newspapers or billboards, to miscellaneous.

(Mr. Aldrich stated, "Oh, yes" and that the change was not so great as he supposed it was.)

(4319) Referring to the fact that Touche, Niven's filed report points out on page 9 that in allocating the street car advertising expense from February to December 31, 1915, Doublemint is charged in our filed account with $181,450.09, which the report says is supposed to be 50% of the named total, viz., $284,946.96, and adds that the Wrig-

6230 ley Company made an error of $38,976.61, I will state, it was a very evident error and noticeable on the working sheets which I had prepared and which Touche, Niven & Company used. We have acknowledged the error by taking cognizance of it in the corrected figures recently produced.

6231 Referring to item of advertising material which is referred to in the Touche, Niven report, Larson Exhibit 132, wherein they say we have charged Doublemint for that item, $103,599.54, and further say on pages 9 and 10 that some of the invoices show references to design or cut-out numbers, and these by reference to other records could be allocated more or less correctly, but where no

such references are given on the invoice it would be impracticable from the records to verify the company's apportionment of the charges. I can say that where the invoices do not show by our number of the key the advertising material referred to in any invoice, we can produce either the photograph of the piece of advertising matter or an original piece of advertising matter delivered by the lithographer or the printer as shown on the invoice. That was the fact also at the time when Touche, Niven & Company were examining our records; and that was also the fact while we were preparing the various accounts and statements that we have filed here.

6232 The bundle containing the original I believe was presented to Touche, Niven & Company for inspection.

(4320) I will enumerate the various records and documents that there are in existence available for inspection from which it can be demonstrated that the amount that we have included in our filed accounts and statements for advertising material were correct, and were actually disbursed by the Wm. Wrigley Company covering the accounting period. There are the letters in the files, the orders, the printer's or lithographer's shipping lists of material to salesmen, the shipping lists of material to customers, photographs in the scrap book by key number, or originals where no key number is used and descriptions of the cut-out in most instances which would identify the particular piece of advertising matter to which the invoice refers. Furthermore, the inventories at the end of the year showing what advertising matter was on hand, identified by either key number of description.

Our books of account, namely, the purchase ledger,

6233 cash book, and supplementing the cash book the pay checks, are all available and conclusive evidence of the billing and payment at least for material.

All these books and records and correspondence and photographs have been available to Touche, Niven & Company at all times since they began to examine our books, and they still are available.

Referring to Wrigley Exhibit 65, Stanley 3, and to Wrigley Exhibit 65, Stanley 12, they each contain a headnote respecting this advertising material as follows: "Advt. material" and showing $96,952.42 chargeable to Doublemint on Method A and $96,587.81 under Method

B. Those figures have been correctly taken from our
(4321) various records, and these amounts have actually been paid out and are allocatable to Doublemint as advertising expenses during the accounting period upon the assumption that Method A and Method B are the correct methods of allocation. Every possible care has been taken to see that every item is as correct as it possibly can be made.

6234 Referring to the item of "detail men" under advertising the Touche, Niven & Company filed report, Larson Exhibit 132, pages 5 and 10, say that we include in our original filed account $174,028.12 for that item up to August 31, 1918, and that in making that charge we charged Doublemint with 38.63% of the total expense of detail men during the accounting period up to August 31, 1918, and the further statement that from the period from September 1st to November 12, 1918, we included the expense of the detail men in overhead expenses and apportioned the amount to Doublemint on the basis of relative sales, I believe it is a matter of general knowledge that at the time we filed the original statement with the master, as well as our supplemental statement, we did not have complete figures for the year 1918. There were several items which were properly allocated therefor in the two latter periods of the original accounting, that is, from August 28th to November 12th, the two split periods in between those two dates. We therefore took all items of overhead as shown on the ledger of the Wm. Wrigley Jr. Company and allocated that on the basis of sales without any dissection on lines similar to those in the previous portion of the accounting up to August 31, 1918.

6235 In the present account we have naturally taken advantage of our knowledge that they were wrong in the
(4322) first place and corrected these items to follow on Doublemint all the way through.

Referring to Wrigley Exhibit 65, Stanley 3 and Stanley 12, and particularly to the column headed "Detail men" that shows that we have charged Doublemint for that item under Method A $174,028.45 and also the same amount under Method B. I have examined our accounts and pay rolls and records so that I can state to the master that those amounts so reported on Stanley 3 and Stanley 12 are correct, and I believe they are in fact correct.

Referring to the statement in the Touche, Niven & Company's report, Larson Exhibit 132, particularly on page 11, where they say that it will be obvious from their foregoing remarks that an apportionment of the measure part of the expenses as between Doublemint and other
6236 brands was impossible from the records, I will say I do not think the statement is justified by the facts. We have allocated and been able to show what portion is chargeable to Doublemint. Whether our methods or the apportionment methods are correct or not is a different matter, but I believe I can truthfully say that Touche, Niven would acknowledge that an apportionment can be made. The basic method on which to make an apportionment may be a matter of opinion or difference.

(Mr. Mayer then put the following question to the witness:

Q. I intended to direct your attention more particularly to the question as to whether or not there are in existence records, contracts, shipping reports, shipping lists, bills, vouchers, samples of printed matter and photographs thereof, and books and records and writings and visible things of whatever kind in your custody—in
(4323) the custody of the Wm. Wrigley Jr. Company—from which any competent person, willing to give the necessary time thereto, can satisfy himself that all of the moneys that you have included in your filed accounts and in the statements that you have filed here this week were in fact disbursed and that the disbursements were made for matters that happened during the accounting period and that these disbursements refer to the par-
6237 ticular things you say they do and that the amounts which you have charged to Doublemint on the basis of your allocation are correct and represent actual disbursements for which Doublemint should be charged if your theory of allocation, as explained to the master, be correct, and would enable any one to allocate from this data the expense for various methods of allocation they seek to make?)

The witness continued:

I certainly believe that our files, records, documents, books and vouchers disclose ample evidence of proof of disbursement, what the disbursements were for and enough evidence to allocate those disbursements over the various parts or branches of the business and the vari-

ous brands of gum; on any suggested theories that information would be there whatever theory or method was chosen.

I have prepared a statement of the net sales by the Wrigley Company by months for the years 1913 and 1914.

(The witness produced the said document, and Mr. Mayer offered it in evidence as Wrigley Exhibit 65, Stanley 31. Mr. Aldrich objected to the said document
(4324) on the ground of immateriality. The objection was
6238 overruled. Said document so offered was received in evidence and marked Wrigley Exhibit 65, Stanley 31.)
6239 (Wrigley Exhibit 65, Stanley 31.)
6240 The information contained in Wrigley Exhibit 65, Stanley 31 is a correct transcript of the information shown on our books, and the figures are actual figures of sales for the months and terms specified.

(Mr. Mayer asked the witness the following question: Have you examined the records of the Wm. Wrigley Jr. Company, including its advertisements, so that you can tell the master what territory was covered by the Wm. Wrigley Jr. Company's advertising of any of its gums up to July 28, 1914, the commencement of the accounting period?

Mr. Aldrich objected on the ground of immateriality and irrelevancy. The objection was sustained.)

(Mr. Mayer then offered to show by the witness that for several years prior and up to July 28, 1914, the Wm. Wrigley Jr. Company advertised its Spearmint gum throughout the United States and its possessions and throughout Canada, Great Britain and Ireland and also Australia and New Zealand and the West Indies and part of South America.

Mr. Aldrich objected and the objection was sustained.)
(4325) Mr. Mayer then asked the witness if he could state about how many concerns there were in the United States besides the Wm. Wrigley Jr. Company who were manufacturing and selling gum in competition with that company.
6241 Mr. Aldrich objected. The objection was sustained.)

(Mr. Mayer offered to prove by the witness that during the accounting period there were in the United States from one hundred to one hundred and twenty-five concerns that were selling gum in the United States

in competition with the Wm. Wrigley Jr. Company, and that during the entire accounting period the amount of gum sold by the Wm. Wrigley Jr. Company did not exceed from thirty to forty per cent of the amount of gum sold in the United States altogether by all of the gum manufacturers and dealers and that several of those concerns were during that entire accounting period and also on November 12, 1918, fully equipped with plant, material, experience and finances to compete with the Wm. Wrigley Jr. Company and to drive it out of busi-
6242 ness if it had not continued its advertising and conduct of its business on the same general, large scale as it in fact did.

Mr. Aldrich objected. The objection was sustained.)

(Mr. Mayer then asked the witness to state whether the Wm. Wrigley Jr. Company sold gum in territory
(4326) foreign to the United States other than gum which it advertised in such foreign territory.

Mr. Aldrich objected. The objection was sustained.)

(4328) I will draw a line on Larson Exhibit 45 indicating
6243 on that exhibit how much space was paid for by the Wrigley Company for the advertisements as they actu-
6244 ally appeared. I will mark the top line A-B and the bottom line C-D. The four pencil lines that I have just marked on that page or advertisement are supposed to indicate the outlines of the advertisements as they actually appeared. It is a fact, that these various advertisements that are shown in the books of exhibits, Larson's Exhibits 30 to 36, inclusive, and some of which advertisements shown therein have been photographed and copied in the record, are on white paper that occupy more space than the advertisements themselves did as published.

This Larson Exhibit No. 45 is an illustration of how the copies in the books of exhibits showing the advertisements would indicate white space in excess of that which would actually appear in the advertisement.

That particular advertisement, Larson Exhibit 45, as it appeared occupied a space starting practically at the top of the letters of the word "Wrigley's" appearing at the top of the advertisement. What I have said with reference to the unused space shown at the top of this advertisement is also true as to the space shown thereon at the side margins and bottom.

6245 The figures which I have now put on Larson Exhibit 45, A-B, C-D, show with substantial accuracy the outlines of the advertisement actually paid for and as actually appeared. The space between A-B and C-D repre-
(4329) sents a three-column advertisement covering the space between those two lines, A-B and C-D of five hundred lines.

The marginal lines A-C and B-D on that exhibit, Larson 45, show with substantial accuracy the boundary of the advertisement as it actually appeared and was actually paid for and actually charged in the accounting filed with the Master.

In the original of Larson Exhibit No. 45, a copy of which appears on page 9, Larson No. 31, the actual five hundred lines for which we have been charged are enclosed between the lines A-B, C-D and A-C, B-D in the copy of this advertisement appearing on page 1041 of the record.

As to whether Larson Exhibit 38, illustrates correctly the dimensions of the advertisement as it appeared in the newspaper or shows space around it which will not be found in the original advertisement I will say, I be-
6246 lieve the photographic reproduction on page 919 of the record is a reduced reproduction of the original, but the original advertisement as it appeared in the newspapers and the space for which we paid was bounded top and bottom by faint lines at the top of the woman's head and the lower spear points of the double headed spear at the foot of the advertisement, and at each sidd by the spear points of the double headed spears on each side of the photograph.

I have marked on the photographic reproduction
(4330) given on page 919 of the record of Larson Exhibit 38, lines denominated A-B, C-D, A-C and B-D, which show on a reduced scale the outside dimensions of the
6247 space covering five hundred lines in the newspaper, or which we paid.

Referring to Larson Exhibits 30 to 36: I think I remember rightly that page 144 of Larson Exhibit 32 gives a reproduction of the last advertisement we used during the accounting period, and from 144 upwards in numbers appear advertisements which were not used during the accounting period.

I have made a computation as to the distribution of

our total gum business by districts in which are located redemption stations and also by districts in which redemption stations are not located.

(Mr. Mayer then asked the witness what was the result of that investigation. Mr. Aldrich objected. The Master asked what it was proposed to show. Mr. Mayer then stated:

6248 "We propose to show that over half of our Doublemint sales were made, which means over half of our United Profit Sharing coupons were distributed during the accounting period in territory where there were only a third of the redemption stations and that we did only about forty-five per cent of our business in territories where there was about two-thirds of the redemption stations. In other words, this proof will show, in our judgment, together with evidence as to the population of the cities in which the redemption stations were located, that about 40,000,000 people only lived in the places where the redemption stations were, and that 65,000,000 people or over,—taking the 1920 United States census as a basis,—lived in territory where there were no redemption stations at all, and evidence of that type will be put in, which can be put in in a very few minutes, and we submit it throws a very important light on the question of when United Profit-Sharing coupons may be expected to be redeemed and tends to show reasons why their redemptions would be slow."

Mr. Aldrich objected and the objection was sustained. Mr. Mayer then made the following offer of proof:

(4331) "We offer to prove by the witness that during the
6249 accounting period 19.4% of the sales of the Wm. Wrigley Jr. Company's gum wrapped in and distributed with U. P. S. coupons of the kind described in the record as dealt in by the Wrigley Company were made in four states where there were 102 premium or redemption stations of the United Profit Sharing Corporation and the United Cigar Stores, at which the United Profit-Sharing Coupons as issued by the Wrigley Company could be redeemed. We also offer to prove by the witness that 45.8% of all of the sales of gum made by the Wrigley Company during the accounting period and wrapped in and distributed with the U. P. S. coupons of the kind used by them were made in eight states where there were a maximum of 163 premium stations in which our cou-

pons could be redeemed, and that the remaining 54.2% of those sales were made in the remainder of the United States in which there were only 81 such redemption stations.

We also offer to prove by the witness that 7.5% of the sales made by the Wrigley Company during the accounting period of gum wrapped in and distributed with U. P. S. coupons were made during the accounting period in ten states where there were no premium or redemption stations at all; and that in eighteen states in which there were only eleven redemption stations, 15.7% of such sales were made, and that in eight states where there were only eleven redemption stations 8.2% of all of the sales of gum thus wrapped were made.

In other words, we offer to prove that treating the 244 redemption stations, which was the maximum of redemption stations in existence at any time during the accounting period, and which number were in existence at the end of 1918, and treating that number as 100%, 54.2% of our gum wrapped in or distributed with U. P. S. coupons was sold in territory where there were only 81 redemption stations, and that the remaining 45.8% of such business was done in territory where there were 163 redemption stations."

Mr. Aldrich objected and the objection was sustained.

Mr. Mayer then made the following offer:

We offer to prove by the witness that he has examined the United States census of 1920 and authoritative sources of information, and that he has prepared a statement therefrom, which the witness has, and I offer by him to prove the correctness of the information shown on that statement. In other words, the information pur-
(4332) porting to be shown by the statement is correct as therein shown. Mr. Aldrich objected and the objection was sustained. The said statement headed "Statistics showing Distribution of Stations of the United Cigar Stores and the United Profit-Sharing Corporation where Wm. Wrigley Jr. Company Coupons could be redeemed in 1918, using the 1920 U. S. Census Figures," so offered, but not received, was marked Wrigley Exhibit 65, Stanley 32. Offer not admitted. Mr. Mayer then asked the
6251 witness to state the approximate number of stores or places of business in the United States in which Wrigley's Doublemint gum was sold during the accounting

period. Mr. Aldrich objected. The objection was overruled. The witness answered: Approximately 600,000 stores. Mr. Mayer then asked the witness to state in about how many cities, towns or villages in the United States Wrigley's Doublemint gum was sold during the accounting period. Mr. Aldrich objected. The objection was overruled.)

Wrigley's Doublemint gum during the accounting period was sold in every town, village and city of the
6253 United States. I think there are approximately 5200 of what we call cities, not including villages and county divisions. (Mr. Mayer then asked the witness when Mr. Wrigleys' salary was fixed at $75,000 a year. Objection was overruled.)

6254 At a meeting of the Board of Directors in January, 1914, a resolution was adopted, fixing Mr. Wrigley's salary at $75,000 per annum.

(Mr. Mayer then asked the witness to state what he
(4333) could state concerning the value of the common stock of the Wm. Wrigley Jr. Company in the years 1914, 1915
6255 and 1916. Mr. Aldrich objected. The objection was sustained. Mr. Mayer then made the following offer of proof:

"I offer to prove by the witness that he was familiar with the business of the Wm. Wrigley Jr. Company at the end of 1914, and continuously thereafter, and is familiar with the values of the shares of stock of that company during all of that period, and was familiar with it during that period; that in March, 1915, he himself purchased common stock of that company and paid therefor $225. in good faith, bona fide, and that on January 5, 1916, he purchased some more common stock of that company at the same price; that both of those purchases were made from Mr. Wrigley Jr. himself, and were a special concession and at lower than the then actual value, because of Mr. Stanley being an employe of that company; and I offer also to prove by the witness that later in the year 1916 he purchased some more common stock of the Wm. Wrigley Jr. Company from some estate represented by a trust bank here, the Trust Bank of Chicago, and paid therefor $300 per share; and that such sum was not in excess of the fair, reasonable market value of the common stock of the Wrigley Company at the time of such purchase."

Mr. Aldrich objected to the offer. The objection was sustained.)

6256 *Cross-Examination by Mr. Aldrich.*

Employes of the Wrigley Company were employed in revising the Wrigley account from the date of the filing of the report to February 22, 1922. I cannot name them all, but I will name a good many. There is Rouzer,
6257 Sidler, Middleton, Rogers, Hoppe, Ellis, Patterson, Delaney, Wolff, Dwyer, Deeming; those are the principal ones. These people were not employed continuously. I have kept time tables for certain periods showing the time that each one spent upon this work. I will produce
(4334) those tomorrow and the names of the persons employed between February 22, 1922, and November 11, 1922, on this work. The men named during the first period were not engaged on this work all at the same time. I cannot prepare a statement showing what branch of the work each one of the men was engaged on and the time he was so engaged during this period.
6258 Because they were engaged promiscuously in the work generally ,and we did not keep any detail of what each individual man did.

I testified the work was done under my supervision. I did not issue any written orders on the subject. The evidence of my orders rests in my verbal instructions to the men from time to time. The class of work that the two or three people who were working between the date of the filing of the original Wrigley report and February
6259 22, 1923, were engaged upon was general research. I cannot make it any more definite than to say they were engaged on general research to get details that we had not so carefully had prepared to collated previous to the time that we were getting them. I think that probably two or three of them were at work at the same time during this first period, which extends from December 3, 1918, to February 22, 1922. There was nobody working all the time. We had to run our business with the same staff. I have testified that we have always had one or two since the presentation of the account to the Master watching for bills that pertain to the accounting period and endeavoring to procure such information, copies of bills or contracts as were missing at the time

we made the original accounting. I have nothing to add or alter to that. There was not one or two always
6260 on the job from the 3rd of December, 1918, to February 22, 1922. My original testimony says that I had one or two watching all the time. I have nothing to alter
(4335) in what I stated then. Those men that were watching all the time were not working entirely and solely on the revision of the account or the details which I presented. They were told to be on the lookout for all such matter as came in that might have a hearing on the account. That matter came in from all over the world. I should think I had about six or seven at work on the details from February 22nd to November 11, 1922. Those seven were not working constantly. Four had been pretty regular at it. Those four are Mr. Sidler, Mr. Deeming and two girls. I don't know what their names are.

6261 I have testified that since February 22nd we have had as many as fifteen to twenty people working on the details so as to make them absolutely correct as to details. We have never used less than five or six people since February 22nd until these figures were finally prepared about November 11, 1922.

I intended to have the Master understand that during this second period five or six people had been constantly engaged on this work of revising our account as filed. If Mr. Aldrich has gotten the impression that these four or five people were engaged in other duties and not engaged all the time on this work he has gotten the wrong
6262 impression. Four or five were continuously and not intermittently engaged all their time, and it may have been five or six. I can tell from the records in checking up the work and in computing the figures which were presented to the Master a few days ago, or some ten or fourteen days ago.

This work was all done by our office people with the exception that during one period we had one young man in from the outside, a Mr. Middleton, and recently we
(4336) have had another temporary auditor whom we engaged. I don't know who Mr. Middleton is connected with. I don't think he is connected with anybody. He applied for a job and we gave it to him. He was employed in computing figures, measuring, making computations, dissecting. As to whether in my judgment all of this labor was necessary for the purpose of the revi-

sion of our account, I will say I do not think we should have gone to the labor or expense if it had not been. Presumably the expense was great, if you take note of the number of hours and days that were taken on it. I think the girls who were employed on this work got about thirty to forty-five dollars a week, and the men
6263 would get about, I suppose, fifty-five to seventy-five dollars a week. They were all working under my direction. I supervised this work closely enough to be consulted any time they wanted to know anything. They consulted me often about the character of work they were doing; I cannot tell exactly how often, but very often. It took a great deal of my time. As to whether I had given much time to it during the first period, which extended from December 3, 1918, to February 22, 1922, I will say I prepared the particulars in the supplemental statement alone, without help. By supplemental statement I mean the one filed early in the accounting period. As to whether I meant that I also prepared the statement, Wrigley's Exhibit 65, Stanley 1 to
6265 20, I will say: I gave the majority of the headlines, and gave instructions for the preparation of the different items that are there.

I gave quite a little of my time to the directing of this work during the first period. I cannot give anything more definite than that. I kept no time table of what I did, of what hours I put in. I put in a good many. I regarded it as very necessary.

(4337) I consider the books of the Cusack Company and the
6266 Poster Advertising Company as absolutely outside information. We have access to the file of the Stewart-Davis Advertising Agency at any time.

As to whether I have any information available now to enable me to tell how many labor days have been employed in this revision of the Wrigley account, I will say I have a statement showing what was done since February, 1922. I have no statement here regarding that during the first period from December 3, 1918, to February 22, 1922. I don't think we have endeavored to keep an exact time table of every person who has had anything to do with it. We have some data on which we can base an estimate of what time has been spent.

6267 As to whether I have data upon which I can base a statement which would be approximately correct as to

the time that has been thus employed in the revision of this account, I will say I think we can get pretty near the figure. When Touche, Niven & Company went to our office to enter upon their work, I did not turn over to them all of my working papers. It is not true that I kept my working papers in a suitcase off my room in a vault upstairs, and whenever Touche, Niven wanted a working paper on any given subject, Mr. Ellis communicated that to me, and I gave them out a paper at a time. The fact of the matter is that when they wanted working papers on any given subject that was under investigation at the time by them, the whole of the working papers pertaining to that given subject in my pos-
6268 session were handed to them, not one but the whole. I did not have the papers in my vault upstairs. I used to keep the papers in my room, the working papers, and
(4338) I only had such papers in my possession as pertained to those parts of the account on which I have testified. That is, such items in the account as I have already testified to, such as advertising, part of the cost figures printed U. P. S. coupons, trade discounts.

I should think that Touche, Niven & Company were required, if they were making an investigation, for the purpose of verifying the expenditures that had been charged to Doublemint to go into our letter files. We had to.

As to whether they should go into our contracts, I will say we had to. As to whether I understand that
6269 they were to do it when they came there, I will say, I was not given any specific instructions or understanding of it at all. We were asked to let them have that which was not necessary, or that which they asked for, to enable them to arrive at a correct statement of the charges or credits to Doublemint.

It was not necessary at all to overhaul the correspondence of the Wm. Wrigley Jr. Company for the purpose of ascertaining or getting information that is embodied in this revised account, because we know, having carried on the business, what each item practically refers to. An outsider has to convince himself. It would not have been necessary, in my opinion, for an outsider to overhaul the correspondence of Wm. Wrigley Jr. Company for that purpose; some of the correspondence, yes.

As to whether that would be true also of the contracts, I will say, the contracts were asked for by some of the auditors that were sent by the court, and they were shown. By that I mean the auditor sent by Marwick, Mitchell, Peat & Company.

The contracts that were asked for by those auditors
6270 were contracts on United Profit Sharing, contracts for
(4339) leases, contracts for advertising and various other items.

I know that Marwick, Mitchell, Peat & Company did not make any segregation. They just cursorily looked into some of the items as to their fairness or correctness. When I said that in the advertising account Touche Niven & Company overlooked in some of their calculations the detail men, I meant, in some of their comparative statements they have taken advertising as including items which they do not take in other comparative statements. In other words, their items do not agree.

I cannot take their account and show now what I mean by that. But I can do it by tomorrow morning and furnish a statement showing where the differences are between what they have taken in their comparative statements with other comparative statements.

6271 It is a fact that in the classification of the detail men in the several branches of advertising, which are treated in the Touche, Niven & Company report, they are sometimes classified the identical way that I have done in my working sheets, but they have not done so all the time. They occasionally used a different classification of what they called advertising, to what we have done. I have been specifically referring to detail men.

(Mr. Aldrich then stated to the witness that he understood that Touche, Niven & Company stated on page 5 of their report that they had used Mr. Stanley's analysis of the accounting period throughout, and Mr. Aldrich asked Mr. Stanley in what respects Touche, Niven & Company had departed from it.) The witness continued:

I have offered to bring that in tomorrow, the details of the differences and divergencies of Touche, Niven & Company's figures.

(4340) As to what I meant when I say that we had one or two men watching for bills that pertain to the account-
6272 ing period since the filing of the account I will say

we were very specific and straightforward in stating, at the time the account was filed with the Master, that there were a great many bills that had not been received for advertising incurred during the accounting period, and that we would give details of these at soon as they were received. The result is that we had to watch out for such bills as came in after the account was presented to
(4341) the Master, to see if they did pertain or not pertain to the accounting period.

The amount of $52,199.34 appearing in Wrigley Exhibit 65, Stanley 2, in excess of our report as filed comes from errors in allocation, from undercharges and from the revised detail that we prepared of each sub-heading as shown on the supporting statement, Exhibit 65, Stanley 3. Exhibit 65, Stanley 3, shows where the differences have arisen. A comparison of that statement with the details as given in the previous statement, presented with our accounts to the Master. Some differences in allocation are simply differences in allocation of advertising accounts; some are errors in calculation. Nothing from any other account as they are denominated in our original report enters into this difference in allocation of advertising.

The statement, Wrigley's Exhibit 65, Stanley 4, which shows the $1,969,657.44, purporting to be the amount expended for advertising pictures of Doublemint gum
6273 in packages with green ends, was prepared with a view of showing the Master just how much of the advertising which we had charged against Doublemint was advertising in which colors appeared on the package showing the green end package.

It is not exactly correct to say that the difference between the amount shown by Stanley 4 and total amount shown in revised statement Stanley 3, was in newspapers
6274 or magazines where colors were not shown. For instance, take detail men, of course, they cannot be colored advertising; take war tax rebate certificates, that is not colored advertising. Newspapers are one of the big items that account for the difference, because they are black and white.

(4342) On my direct examination, talking about the street car advertising, the use of filler cards, I claimed that I split up the cost of those filler cards on the basis of relative measurement of other cards in the same car.

As to how I got at this I will say: I can only explain that by giving you a closer example than general language can show. For instance, we might have a series of cards showing six different subjects running in the street cars at the same time. We would also have some cards printed which would not show any specific brand. In each car were our cards which we were paying for for the one space on which the brands were advertised. Perhaps opposite it or on the other side of the street car would be a card on which brands were not specifically mentioned. On those cards would be "Wrigley's", "Wrigley's After Every Meal", or "After Every
6275 Meal Wrigley's. The Flavor Lasts."

The allocation of the cost of printing those cards has been made on the basis of the allocation of the cards that were run at the same time as these cards without the brands were run. The cost of putting in those filler cards, as I call them, which mention no specific brands, was, as I have explained, charged to the brands in the proportion that they appear in the cards mentioned. The costs, of course, are not for inserting the cards. The only cost we had was the printing of the cards and the freight, express or parcel post charges, and getting them to destination. There was no cost in connection with putting them up or for the space they occupied in the street car itself.

When I was asked about Stanley Exhibit 4, by Mr. Aldrich a short time ago, I did not mean that the other advertising mentioned by me, in my answer: News-
(4343) papers, detail men, donations, war tax, etc., constituted the difference between the $1,969,657.44 and $2,846,851.10.

I mentioned some items which were not included in the total of the cost of colored advertising chargeable to Doublemint, but I did not attempt to mention all, and as a matter of fact, I don't think that I mentioned anything about donations. As a matter of fact, they are donations of gum which naturally would be included in color advertising. I cannot tell offhand whether there is any other exception. I will have to look at the working sheet to see what exceptions there are.

I said on my direct examination that each ad was measured in connection with the present statement. We
6277 measure newspaper ads with a line ruler. In measuring

the newspaper advertisements we measured that space which we paid for. In the advertisements that Mr. Mayer specifically brought to my attention I outlined with black pencil marks that space which was included in the five hundred lines we paid for. Each of those two photographs were photographic reproductions of newspaper advertisements.

In my answers with reference to Larson Exhibit 45 as to whether I was stating a universal rule applying to all advertisements or only to that specific one, I will say, we measured all advertisements irrespective of what they were on the basis of space we paid for.

Referring to Larson Exhibit 45, I drew on my direct examination certain marks on that exhibit as appear in the court's record, and I have stated that we only paid for the space indicated by the lines as drawn by me on that exhibit. I desire the Master to understand that that
6278 was the basis upon which we paid for all of our advertisements. In the original advertisement, of which
(4344) this is a photographic copy, the distance from the line A-B to the line C-D is 166 2/3 lines. The width of the advertisement covers three columns, and by the width I mean the space between A-C and B-D. 166 2/3 multiplied by 3 gives exactly 500 lines. Our advertisements are always drawn so that we occupy fully the space of the 500 lines, and sometimes, as a matter of fact, we have to allow for a little shrinkage between the lines A-B and C-D in the making of the plate so as to come within the 500 line space for which we pay and for which our contract calls.

We do not attempt to pay for any white space outside of the plate matter we deliver to the newspapers. In other words, Larson Exhibit 45 is an example of how our plate space fills up the 500 lines. Outside of the pencil lines A-B, C-D is white space which only happens to be shown on Exhibit 45 because Exhibit 45 is nothing more than a photographic reproduction of a proof on white paper. It is not taken from a newspaper. Physically in a newspaper the space up to A-B and C-D is always taken by other advertisements, text or other matter of the newspaper.

(4345) On Larson Exhibit 46 I have drawn a line A-B above
6279 the word "Wrigley's," and on the top edge of the letters of the word "Wrigley's," and at the foot of the

same exhibit I have drawn a line C-D just close up to the words "Kept Right," which are the lowest words of Larson Exhibit 46. I have furthermore drawn lines A-C to the left hand side of the advertisement, and B-D to the right hand side of the advertisement, which show on a reduced scale the space physically occupied in an advertisement, on our advertisement which runs to 500 lines, and also shows the space in between these lines A-B, C-D and A-C and B-D, which is billed to us.

It will be noticed that above the letters A and B and underneath the words "Larson Exhibit No. 46" on page 1046, to which I referred, there appears to be a line practically parallel with the words of that Exhibit and with the word "Wrigley's," and with my line A-B. I will
6280 explain that: In photographing this original proof of advertisement the photographer attached to the sheet on which the proof of this advertisement is shown a little strip of paper with the words "Larson Exhibit No. 46" written thereon. On the line between "Larson Exhibit No. 46" and the line A-B drawn on Exhibit 46 on page 1046 is the space between the small strip of paper pasted on by the photographer bearing the words "Larson Exhibit No. 46" and the original proof sheet that was pasted in the book.

I wish to be understood as saying that practically all of our advertisements are to be limited as I have limited the two Exhibits to which attention has been called on this cross-examination. There may be an occasional exception, and I have in mind one of the exhibits in the record
(4346) of an advertisement in a confectionery magazine, but all our newspaper advertising runs top to bottom filled up with text or design or other matter by us and is limited to the two exceptions you have now seen. I mean thereby the space actually occupied by the advertisement
6281 itself. That is also true of magazine advertising. We endeavor to fill the space up from top to bottom. We do not leave much free space around anywhere.

Larson Exhibits 4 to 9, inclusive, are all enclosed in a border. All the space within the border is paid for, including the border. As to whether that is true in magazine advertising, I will say we do not always put a border around a magazine advertisement.

Taking Larson Exhibit 5, we paid for the full page of physical printing space. On every page there is a certain

amount of space that the Saturday Evening Post reserves for its own use. The physical printing space is designated by them and the plate must not exceed the physical printing space they place at your disposal and for which you pay.

As to all these exhibits, whether they have a border or not, the payment was for the full double page of printed space.

6282 As to Larson Exhibit 5, we paid for all of the matter to the outer boundaries of the colored part of the advertisement, that is, we paid for that physically occupied by the plate work, because this is colored.

In billboard advertising we have at our disposal the space occupied by a 24-sheet poster. On the old style boards there is no blank space allowed for; on the new boards the AA boards the contract calls for a certain sized board, which is not fully covered on the side showing to the public by the 24-sheet poster, and a certain amount of white blanking paper is put between the edge (4347) of the board and the poster. The same conditions applied during the accounting period as now.

6283 The rules I have laid down as to Exhibits 45 and 46 apply to bill posting. We are only allowed to deliver a poster of given dimensions and not to exceed given dimensions. I mean, our entire poster should not exceed certain dimensions. Between the moulding and the poster in the AA class boards there is an allowance made for white blanking paper; so that there may be a vacant space or unprinted space around the lettering or advertising matter on the billboards.

We pay monthly for the space on one billboard at a certain rate. A 24-sheet poster I believe is ten nine by 6284 nineteen six, but I am not positive from memory. In making our allocation of the cost of Doublemint of the poster, we have taken the space occupied by our 24-sheet poster. We have not taken into account the white paper, which is not provided by us, but split up our proportion on the basis of the space occupied by that poster.

6285 January 30, 1923. 10:30 A. M.

There was no superfluous space paid for in connection with Larson Exhibit 50. That advertisement is a colored advertisement in a magazine published at Great Lakes, and the colored plate, as shown by the darker part of the

photographic reproduction, is the exact size of the printed page and which is permissible by the printer.

(Mr. Aldrich then stated:

At my suggestion the witness has market by the letters A, B, C and D the limits of the Exhibit No. 50 referred to.)

The Witness: Those limits show the outside limits of the paid advertisement.

(4348) Referring to Stanley 6, Wrigley Exhibit 65, the cal-
6286 culations of the space occupied by "Wrigley's" standing alone has been made by three or four people. Being asked to take the exhibit which I have before me, Larson Exhibit 50, and tell how much of that exhibit was measured and what proportion it bears to the total advertisement, for the word "Wrigley's," I will say I cannot give the exact figures because this is a reduced photograph of the original, but I can tell you that we have measured the space occupied by the letters composing "Wrigley's" in the center of Larson Exhibit 50, page 1148, Volume III, also the space occupied by "Wrigley's" standing alone at the head of the advertisement. I can, on the original record of Larson Exhibit 50, by lines designate the portion which has been measured and
6287 is included in Stanley 6 and 15 of Wrigley Exhibit 65. I will indicate the principle upon which the measurements were made for the purpose of the sheets Stanley 6 and 15.

I have inclosed in pencil lines marked E-F and G-H the word "Wrigley's" at the top of the advertisement, and I-J, K-L the large word "Wrigley's" in the center of the advertisement showing the space allocated to the word "Wrigley's" in our computations for finding out the cost of "Wrigley's," but the total cost of the space that I have outlined from E to L is not the total cost as shown on Sanley 6 and 15 of Wrigley Exhibit 65, only a proportionate part of this space has been charged to Doublemint and is shown by those figures.

By "this space" I mean the space E to L inclusive. By "E to L inclusive" I mean the space occupied by
6288 E-F, G-H and also the space occupied by I-J, K-L. I have charged some portion of that space to Doublemint.

Mr. Aldrich is not at all correct in his supposition that the purpose of Stanley 6 and 15 was to effect a separa-
(4349) tion of the cost of "Wrigley's" from the rest of the

advertisements wherever it was prominently used with a view; if the court should sustain his contention, that a portion of this advertising is institutional, I would know how much to deduct on account thereof. The precise purpose for which we have prepared the figures shown on Stanley 6 and 15 of Wrigley 65 is to enable us to arrive at the figures given on A-1 and B-1, that is, Stanley 7 and Stanley 16 of Wrigley Exhibit 65.

Turning to Larson Exhibit 45, I will state what por-
6289 tion of that advertisement was included in these pages, Stanley 6 and 15. Of Larson Exhibit No. 45 on page 1041 of Volume III of the record we have included in statements, Stanley 6 and 15 of Wrigley Exhibit 65, the space between line A-B shown on Larson Exhibit 45 at page 1041 of the record and a line drawn beneath the lower edge of the word "Wrigley's" appearing at the top of the page. In this particular instance we have gone a little further and included also that proportion of the spearman which is shown at the head of the page, and I believe allocated to that word "Wrigley's" 42 lines out of 250. I happen to be better acquainted with this advertisement because I was looking at it yesterday before the testimony was given.

As to whether the line is drawn under the word "Wrigley's" immediately below the letters or whether it is halfway between "Wrigley's" and the reading "is not only the perfect gum in the" of the first line below it, I will say no, it is not hair fine below the word "Wrigley's," but there has been ample space, as I testified to before, for the leaded body of the type on which those
6290 letters would appear in print. In this particular advertisement both Doublemint and Spearmint are mentioned.

I will state what difference in principle the separation of the word "Wrigley's," as I have testified is done on
(4350) Larson Exhibit 45, makes with reference to the allocation I have testified to as to this advertisement. We have first obtained the amount of space occupied by "Wrigley's" standing alone in each case. On this page there happen to be three "Wrigley's" that we have taken.
6291 We have measured the space on the line basis, and we have taken of the proportions of the word "Wrigley's" that proportion which the balance of the advertisement bears to the word "Wrigley's." In other words, if Lar-

son Exhibit 45 happened to be an advertisement bearing equal parts or an equal prominence or equal sized packages and hence applicable to both packages equally, we would have divided the cost of the space occupied by the word "Wrigley's" standing alone, in this instance 42 lines, fifty-fifty. We would have debited 21 lines to Doublemint and 21 lines to Spearmint. This happens to be an advertisement where there is a preponderance of Doublemint and therefore Doublemint would have a large part of the charge for the space occupied by the word "Wrigley's."

By "this" I mean Larson Exhibit 45. As to how this revised account with Stanley 6 and 15 therein differ from the original allocation, as I testified when I was examined by Mr. Aldrich, I will say there is no difference whatsoever in the method of allocation given under the letters A and B of Wrigley Exhibit 65, that is, Stanley 2 and Stanley 11.

"A" is the method which I followed in our original
6292 accounting. It is a fact that Stanley 6 and 15 will enable the court, if it held that the prominence given to the word "Wrigley's" in the advertising which has been introduced in this case was institutional in character, to separate it from the advertising cost. It is not correct to say that the deduction that is to be made is shown in Stanley Exhibits 6 and 15 respectively.

I do not know just what counsel are driving at when
(4351) they ask me how would the separation take place if those exhibits showing the space occupied by "Wrigley's" and the computations therefor do not attain that object, but I can say and repeat what I stated before, that Stanley 6 and Stanley 15 are the amounts included in Statement A for the cost of the space occupied by the word "Wrigley's" standing alone, and that these figures have been used in making up the Statements A-1 and B-1 on Stanley 7 and 16 of Wrigley Exhibit 65. If it were desired to deduct from Method A, which is precisely the method we have used for allocation in the accounting presented to the master, but with corrected figures, the total amount of the space occupied by the word "Wrigley's" under Method A, all that it would be necessary to do would be to deduct from Stanley 2, Exhibit 65, the amount shown on Stanley 6, Wrigley Exhibit 65, and the resultant balance would be the cost of the space

occupied by the advertisement excluding the space oc-
6293 cupied by the word "Wrigley's" standing alone.

If the word "Wrigley's" was to be excluded or deducted, the amount shown by Stanley 15 would be deducted from the B method. The B method is the method figured on the basis of testimony given by the New York evidence on advertising.

In all the advertising for the purpose of obtaining the gross amount shown on account of the Wrigley name standing alone in the different classes of advertising in Stanley 6 and 15, the measurements have been made in accordance with the method that I have described on Larson Exhibits 45 and 50.

When the people sent to our office by Touche, Niven & Company asked for the papers with reference to any distribution of advertising we turned over to them in each instance all the papers we had, and more than they
6294 asked for. Such papers as I furnished them for the purpose and upon which they predicated their report
(4352) were not copied. They were my originals in my handwriting. I haven't the slightest idea whether from the originals that I furnished them, upon which they based their report, copies were made by Touche, Niven & Company.

As to what was the necessity of all the work I have done since the filing of our original report if I had the papers then to turn over to Touche, Niven & Company, I will say I have explained that several times and continuously that at the time we made the original accounting we were under such pressure that no earthly being could have produced the figures in detail that were required.

I would not be sure that at the time Touche, Niven & Company were there in 1920 and 1921 we then had all the papers to make the account and show the distribution of advertising. We had all the papers, but the details were not all there. We have furnished no further books than what we had at that time.

We could make this a revised account which we have brought here on this occasion as a part of the defense testimony, being Stanley 1 to 20 inclusive of Wrigley
6295 Exhibit 65, from the books of the Wrigley Company. We did not do it altogether.

I will explain why it was necessary to have so many

people, as I have testified, at work on this account from February 22, 1922, to November 11, 1922: For the simple reason that at that period we had been gathering together details of errors discovered in the original accounting. It was then decided that we should at all costs, regardless of expense or time, investigate, not only in bulk, as we had done at the time we put in the original
6296 account, the various headings under advertising, but investigate each and every item consisting of some three or four million items. It was a physical impossibility to
(4353) do that at the time the accounting was presented. We explained this at the time the account was presented, that we did not have all the papers, documents and material necessary for a complete account.

Our original account discloses that we have guessed at some figures in the later periods. And these men and girls were necessary to investigate every detail and every advertisement and every piece of advertising.

As to whether these errors for which we were searching, and which we found, appear on the books of the company, I will say if that is limited to the books, there were no errors in the books. There were errors, as I explained yesterday, on some of the detail sheets which Touche-Niven took for their computations. They did
6297 not go back of these working sheets to see whether they did correspond with the books or not except in bulk.

The detail sheets which we furnished Touche, Niven & Company showing the distribution of the advertising were taken from the books when we prepared our original account. There were no errors in the books, but there were in the detail sheets which were taken from the books.

The labor which has been given to this revised account in this second period, from February to November, 1922, did not have to do at all with anything that was on the books. It was confined entirely to the matter of detail of distribution of the advertising account.

6298 I brought a statement here showing exactly the names of the people employed and the time spent in preparing the details of the revised accounts, Wrigley Exhibit 65, recently presented, of advertising chargeable to Doublemint, showing the hours and the total.

(4354) (The record shows that the statement was then handed to Mr. Aldrich.)

That statement excludes myself. It does not exclude Mr. Ellis.

I have brought a supplementary statement or list of names of people who have helped in addition during this time and who were working from time to time previous to the dates given on this statement, but of whose time we kept no record because they are employes in different branches.

(The record shows that said document was handed to Mr. Aldrich with a statement by Mr. Mayer that counsel for the Wrigley Company would expect that the two statements of time spent on the account just handed to Mr. Aldrich be introduced in evidence.)

The first paper I handed Mr. Aldrich is a paper which has reference only to the second period.

6299 (Mr. Mayer then offered the paper in evidence. It was received in evidence and marked Larson Exhibit 167.)

I have also handed Mr. Aldrich a lead pencil memorandum giving the names of Henry Wolff, A. Evans, J. Thomas, William Dwyer, L. Weigel, F. Ellis, H. Patterson. W. Delaney, F. W. Welch, S. M. Davis, and H. L. Webster I have brought no copies of this paper with me.

It is partially correct to say that these are the names of other people who worked during the last period on this revised account. They worked during the last period and several of them worked prior thereto.

I mean on the first period from the time we filed our account to February 22, 1922. The periods had nothing (4355) to do so far as the continuity of the work of some of them were concerned.

6300 We happened to keep a statement from February on. Two of these employes I would like to point out on the last list were not employes of the Wrigley Company. They are employes of Stewart-Davis Advertising Agency. We had them work for us, do some of the subsidiary work, in connection with this matter. They were F. W. Welch and S. M. Davis. We did not pay them money for their services in connection with this work. There were no others than those named on that penciled sheet working during the entire period, from December 3, 1918, to February 22, 1922. Others than those named on the penciled sheet were engaged on that work practically at all times. They were engaged in looking up

bills, getting out details, getting correspondence, getting contracts, giving details of the various items. Practically all of the work was a continuation of the work in connection with the distribution of the details of the
6301 advertising under the several classes of advertising which we did.

I tried to find out some particulars of how much time the people named on the memorandum in lead pencil which I have produced expended on this work, but found it was practically impossible because they did not remember, but I do know I had them working sometimes all Saturday afternoon and evenings to get the details together.

I cannot give the approximate time without I have some time to figure over and ask each one to estimate
6302 what he thought his opinion was of the time he had spent on it. Those people named on the pencil memorandum were not continuously at this work between December 3, 1918, and February 2, 1922, but occasionally I would have the whole crowd of them working under my
(4356) direction at one time doing various items. Take, for instance, we had to get out of our records, books and papers, material covering three or four million items, and we got the originals from the files and each original was looked at, passed upon and checked as to its correctness.

The book figures, the ledgers, are correct. Touche, Niven & Company have acknowledged that and so has
6303 Marwick-Mitchell, but the details and the dissection was not correct; not in its entirety.

I had working sheets showing the details and the dissection of this report which we furnished Touche, Niven & Company. So far as their reports indicate, I believe they followed that detail. I have not heard of any other statements they prepared, but I don't know, of course, whether they followed that detail. I said that at some places in their figures as to details they did not follow the details as I furnished them.

I can advise in what respect they had differed in their figures and the misuse of the detail figures which I have furnished.

I have before me Larson Exhibit 132 which is the report presented to the master by Touche, Niven & Company on page 5 of which under the heading "advertising," Exhibit C, is given the summary of the items in-

cluded in the account presented by us to the master, and the tenth item of that summary "War Tax Rebate Certificates" is given at $97,183.23. A little lower down on the same page is given the following:

"The total amount expended by Wm. Wrigley Company for advertising all brands of gum, including Doublemint, during this period under review was $6,636,082.11."

That item, $6,363,082.11, appears also on the statement headed "Wrigley vs. Larson. Statement of differences" in the last column of Exhibit C on the fourth line of the
(4357) figures, and also on Exhibit O the total of the first
6304 column headed "Total advertising expense." This total, $6,363,082.11, is taken by Touche, Niven & Company as the total of the advertising expense, but a dissection of that total shows that in no instance was the item "War Tax Rebate Certificates," totaling more than $383,000, included; therefore I should take it for granted that Touche, Niven & Company have not dissected that item in these exhibits and that naturally would reflect to our disadvantage; approximately $97,000.

My attention being called to Exhibit C where I have said that the figure "$6,363,082.11" appeared, and being asked if it does not appear right above that the Touche-Niven Comany made a deduction from the total of advertising expense of $6,616,605.55 of $253,523.44 on account of donations included in advertising, I will say they do, but donations has nothing to do with the item
6305 I am talking about now.

I am not talking about how that figure of $6,363,082.11 appears in that column. I am trying to point out that the $6,363,082.11 does not take into account an item of $380,000 for war tax rebate certificates on which a portion has to be allocated to Doublemint.

I have called attention to the fact that on page 5 of the Touche, Niven & Company report in the item 10 of the summary of the total of our charges there appears $97,-183,22 on account of war tax rebate certificates, being Doublemint's proportion thereof. I am not seeking to have the court understand that there was a proportion of war tax rebate certificates of three hundred and some thousand dollars that should have been charged to Doublemint. I am trying to point out that these totals given on the pages already denoted of the Touche-Niven
(4358) report amounting to $6,363,082.11 do not include an

6306 item of over $380,000 for war tax rebate certificates of which we have taken a proportion and charged to Doublemint. That proportion is $97,000, or more. Therefore the percentages and the figures used all through this account, the Touche-Niven account, where that total is used, are naturally incorrect.

I was in error yesterday in saying that the item in question, which I criticized, was detail men. It was not detail men, but the war tax rebate certificate account that had been omitted by Touche-Niven in dissecting the advertising. They compared the amount given by us with the total they arrive at which does not include the same items we have included in the amount for advertising.

6307 When I said I was in error I was referring to my answer yesterday when I said that in some of their comparative statements they have taken advertising as including items which they do not take in other comparative statements. In other words, their items do not agree.

I referred in a previous part of my testimony, or testimony directly thereafter, to the fact that I was under the impression they had left out an item of detail men in some of their comparative statements and some of the deductions they arrived at. It now turns out on inspection to be the item War Tax Rebate Certificates that they omitted.

When I stated "They occasionally used a different classification of what they call advertising to what we have done" I referred to that same item of War Tax Rebate Certificates.

If the item is included in an account under the heading "Advertising," it should naturally be included in another account for comparison figures or for dissecting figures as Touche-Niven have used.

(4359) I believe the figure of $97,183.23, which was a credit
6308 claimed by the Wrigley Company account of War Tax Rebate Certificates on the Doublemint gum was correct.

My criticism is not only that the percentage shown at the bottom of page 5 of the Touche, Niven & Company report, claiming that the Wrigley Company in its accounting has charged 43.92% of the total expenditures on account of advertising to Doublemint in this account was inacurate in that Touche, Niven & Company have not included in the total advertising a certain portion of the

War Rebate Tax Certificates, but also their statement, Exhibit C of the Touche-Niven report, and also Exhibit O, are naturally altered from A to Z taking a different total amount of advertising upon which these statements are based.

The whole sum and substance of it is that Touche-Niven have omitted something over $97,000 that they should have charged to advertising as shown in our accounts.

My testimony means that Touche, Niven & Company, in their report on page 5 show that they knew I had deducted $97,183.23 as allocatable to Doublemint because of War Tax Certificates, and that their report on page 5 and on Exhibits C and O, in giving their figures as the total amount that the Wrigley Company exepended for advertising wholly overlook and fail to include the entire item of War Tax Rebate Certificates amounting to over $380,000, and also wholly overlook and fail to give credit to Doublemint for its proportionate part of the War Tax Rebate Certificates amounting to $97,183.23, all as appears on the face of their report.

In addition, this mistake on the part of Touche, Niven & Company also shows the incorrectness of the percent-
(4360) age stated on page 5 of their report, wherein they say: "that Doublemint has been charged by the Wrigley Company in its accounting with 43.92% of the total expenditures."

And, of course, it alters any figures used elsewhere in the account where the foundation for the charges of advertising has been a portion of the $6,363,082.11. I have not attempted to go through their report and find out where they have used this elsewhere than the three places pointed out. That results in a detriment to the Wrigley
6310 Company of approximately $97,183.25 based on the Touche-Niven report.

The War Tax Rebate Certificates are charged in our books to advertising, and it was included in our report as a part of our advertising expense. This is shown by the Touche-Niven report on page 5. It needs some little attention to find out where this thing in. In our report presented to the master primarily we do not show the details of the item of advertising.

I have not arrived at a total figure except as shown on Wrigley Exhibit 65, Stanley 1, but that is only the proportion allocatable to Doublemint. It does not show the

gross amount of the advertising account covering those
6311 items which are included in Wrigley Exhibit 65, Stanley 1.

I have not any recollection of any total amount for advertising having been inserted in the account as originally presented to the master for Doublemint.

I have testified that these War Tax Rebate Certificates were carried on our books in the advertising account.

6312 (Mr. Aldrich then put the following question to the witness:

(4361) Q. I asked you last night, calling your attention to page 5 of their report:

"that they have used your analysis throughout of the accounting period"

and asked you:

"in what respects, if you can recall, do they depart from it?"

6313 You have answered: "It diverges from Touche-Niven's figures."

Have you finished on that subject with your calling the court's attention to the War Tax Rebate Certificates?)

That is all I have in mind at the present time. There are some minor differences we found which we will bring up later.

There are items on which I have not testified or feel competent to testify. They are not items included in the advertising account. I have not prepared any table reconciling the differences in allocations and errors in charges that make up the $52,199.34 that I have referred to.

6314 We have made no attempt to reconcile the figures recently presented to the master with the old figures we used. Of course a glance at our working sheets will show quickly where the differences are as to total amounts. But the whole scheme of working up the new accounts is totally different from the method of detail used in the old account. The allocation was the same; the principle was the same; but the details have been minutely dissected in each instance.

This item of $52,199.34 will stretch through three or four million items. I can give you a glaring example of where we made an error in the first instance. In the summary of the advertising expense as prepared for Mr. Wrigley and myself monthly, in one of the years an item

(4362) of seventy or eighty thousand dollars was put under "Newspapers" which should have been under "Street Cars". The allocation of that item on the basis of street cars might be entirely different from what it would have been under "Newspapers", and there are various other items where figures have gone into the wrong column.
6315 It naturally throws any computations where the figures that are wrong are used out of line. A dissection of each of those items shows that the basic figures used for the allocation are wrong.

The errors thus appearing in the statements or estimates submitted to me and Mr. Wrigley would not be errors on the books of the company. The books are correct. It is just the working sheets that are taken from the books that are in error, and, in addition to that, there are several errors of computation. I have in mind a computation we made of an advertisement in the Woman's World, where I put down hundreds instead of thousands.

The original allocations were not made from the invoices. They were made, as I have previously stated, on the basis of the monthly summaries of the dissected amount of the advertising in the ledger.

Tuesday, January 30, 1923. 2 P.M.

6316 CHARLES A. ATWOOD recalled as a witness on behalf of the Wm. Wrigley Jr. Company, testified as follows on direct examination by Mr. Mayer:

I recall when I testified here before I gave certain information with regard to the number of so called panels or soap wrapper coupons that were issued and distributed by Proctor & Gamble Company. I testified at that time I had been unable to find the quantity of redemptions prior to 1910, and that I believed the information had been mis-
(4363) placed. I was also asked by Mr. Mayer while I was
6317 on the stand to make a careful search and see if I could find the information so I could give the experience of the Proctor & Gamble Company of the number of coupons or panels issued and redeemed in connection with our company's Star Soap, Gold Soap and Satin Gloss Soap, which were its principal brands.

I will state what search I have made for that informa-

tion since I was here, and with what result. I went over the ground that I did previously, and I also wrote to at least three people that were connected with our company back in those years, and none of them recalled what they were. I emptied out everything in two vaults and went through our cellar storage and then went to our warehouse where the premium business was conducted, and I finally found them in the advertising department in our circularizing department.

6318 I have prepared a correct statement showing the number of coupons that were issued from the beginning by years, and the number that were redeemed by years in connection with the three principal brands I have testified about. That has been prepared in the form of a table.

The document which I now produce correctly shows the number of coupons that were issued by the Proctor &
6319 Gamble Company and redeemed by it annually, beginning with 1904 and ending with the year 1909, and the percentage of the redemptions. I have also attached to the same document the redemptions and issues since 1909.

Mr. Aldrich objected to the document on the ground that it also covers the years concerning which the witness has already testified and that there is no need of repetition.

(The witness was then asked by Mr. Mayer to cut off of the document everything except that which covers the years 1904 to 1909, both inclusive, and the witness did
(4364) so.) This document, purporting to show the coupon experience from 1904 to 1909, inclusive, correctly shows all the information purporting to be shown thereon.

(Mr. Mayer then offered the document in evidence. Mr. Aldrich made the same objection that he had made to similar offers before. The master overruled the objection.)

(Said document so offered was received in evidence and marked Wrigley Exhibit 63, Atwood 7.)

Wrigley Exhibit 63; Atwood 7.

(4365) STATISTICAL STATEMENT—COUPON ACCOUNT
THE PROCTOR & GAMBLE DISTRIBUTING COMPANY
FROM 1904 TO 1921 INCLUSIVE

Year		Coupon Wrappers Issued	Cumulative Running Total
1904	Issued	23,036,000	23,036,000
	Redeemed	7,522,150	7,522,150
	Percentage Redeemed	32.65	32.65
1905	Issued	21,465,700	44,501,700
	Redeemed	6,165,225	13,687,375
	Percentage Redeemed	28.72	30.75
1906	Issued	24,647,300	69,149,000
	Redeemed	3,932,150	17,619,525
	Percentage Redeemed	15.95	25.48
1907	Issued	21,317,400	90,466,400
	Redeemed	3,712,775	21,332,300
	Percentage Redeemed	17.41	23.58
1908	Issued	20,171,600	110,638,000
	Redeemed	3,443,150	24,775,450
	Percentage Redeemed	17.06	22.38
1909	Issued	24,298,300	134,936,300
	Redeemed	3,579,485	28,354,935
	Percentage Redeemed	14.73	21.01

(4366)

6320 Said (Wrigley Exhibit #63, Atwood 7) is as follows:

6321 This statement that I have produced here marked Wrigley Exhibit 63, Atwood 7, begins with the year 1904. That statement does not show the coupons issued from commencement, that is from the time when the Proctor & Gamble Company first started to issue coupons. There is one or two months in the latter part of 1903 of which we have no record of when they started.

Those coupons that were issued during the month or so in 1903 are included in the redemptions. They are not in the issued.

6322 WILLIAM HENRY STANLEY resumed the stand for further cross examination by Mr. Aldrich:

I am not able to state the total amount of the advertising during the accounting period. I have no figures here. I could find it out.

(Mr. Aldrich then stated to the witness that he wanted him to bring in a statement showing the total amount expended for advertising during the accounting period into each accounting period as follows: From July 28th (4367) to the end of 1914, 1915, 1916, 1917 and 1918. Mr. Aldrich further said that he wanted the statement to include all kinds of advertising, but he did not ask the witness 6323 to divide it up into different kinds, that he simply wanted the gross sums for each period.)

The men that we had in the field to inspect the advertising, and so forth, are not what we call detail men. Our detail men were so called by other firms salesmen. During the accounting period we had but one man; it might 6324 have been two; whose exclusive duties were to check outdoor advertising. The detail men in the field were salesman. One of their subsidiary duties was to check as they went along advertising and report on it, but the detail men were never primarily for the purpose of checking advertising, and it was never a major portion of their duty.

If I said on my direct examination "The men in the field that I refer to are what we call detail men" the words or not right if that is what the words convey.

(Mr. Mayer objected on the ground that Mr. Aldrich in putting the question which the witness had just answered should have read the next sentence appearing in the direct examination of the witness. The objection was overruled.)

6326 The expense of these detail men should be in the advertising branch of our claims for credit even if they were all salesmen, for the simple reason, as I have several times explained, our salesmen are called by us detail men because the primary object of their being with the Wrigley Company is not to sell goods, but to distribute and see that they are distributed. By "they are distributed" I refer to our products.

I repeat again that their primary object is distribution,

and they also do a great deal of advertising by placing
(4368) advertising material in stores that they call upon.

I have not testified on my direct that they were checking up on the advertising that we were doing through the advertising agencies. I will have to correct another impression. Their subsidiary duty in going around was to report on such advertising of an outdoor nature or in street cars or elsewhere they met with, to the Wrigley Company and report on it to the main office.

6327 I distinguish that from Mr. Aldrich's question as to whether they were not checking up on the outdoor advertising we were doing through the advertising agencies by saying they checked up a portion of it.

We never attempted to check all our outdoor advertising and never will attempt to.

As to why the expense of these detail men is charged to the advertising account, and why it should not be in overhead or in the cost of the manufacture and sale of the goods, if they were engaged in the distribution and sale of the goods, I will say on that point I have several times explained in this court room that the men were put on primarily when we introduced Doublemint, to sell Doublemint, not to sell anything else; to see that it was introduced. We had no use for them before that period. Their main object was to sell Doublemint, to see that it was in the stores, to put in the advertising matter, to check incidentally as they went along such advertising as they could see. Their expense has been pro rated fifty per cent, although their main object was, in the first years of their engagement with the Wrigley Company, to see to the distribution, sale and advertising of Wrigley's Doublemint.

As to whether we sent them lists of all outdoor advertising that we have contracted for in the localities where they are, I will say we do not guarantee to do that. We endeavor to send them such lists as we have in duplicate of the advertising in the locality they are visiting.

(4369) I do not intend that statement to be a modification
6328 of my statement that "We send to them details of all advertising of an outdoor nature that is being done in the towns they pass through." It is no modification. It is just an amplification.

(Mr. Aldrich then read the rest of the sentence just quoted, viz., with instructions to check up such loca-

tions only as they can see or inspect without deviating from the work they are principally intended for, namely, distribution and sales. And then asked the witness whether that was not a part of the cost of producing and selling Doublemint.)

I suppose every charge is a cost of producing or sell-
6329 ing. Those are the only things we do do.

As to what extent the detail men are engaged in advertising, I should think that, outside of the time lost walking between store and store, when we cannot call it anything, that we consider 100% of their time advertising. We have so considered it in the account that we have produced here. In the amended account I have stated what the total charges for detail men is so far as Doublemint is concerned.

"Q. That then is made as a charge to Doublemint and has not been allocated on the basis of proportion of
6330 Doublemint sales to other sales?

A. Not at all.

Q. You mean by your answer "Not at all," that it has not been at all allocated on the basis of Doublemint sales to other sales?

(4370) A. Precisely. Detail men has been allocated, it is
6330 very simple, in the working sheets on the basis of fifty-fifty when Doublemint was introduced and up to the time that Juicy Fruit was sold. It was then allocated on the basis of 33-1/3% to Doublemint. Our salesmen were not alone to handle, deal, talk or advertise any brands, but in the first instance Doublemint and Spearmint and afterwards Doublemint, Spearmint and Juicy Fruit.

The witness continued:

With respect to billposters, the detail men reported just those towns which they covered in the period when we were bill posting, and not all of those towns, because no detail man would be allowed to deviate from his main object of calling on the stores to visit a poster which might have been posted some distance from the town or village he was working.

6331 We have a subsidiary account called "Bill Posting" on our ledger. Touche, Niven & Company have had those sheets.

(4371) Everything was carried into the general advertising account on the general ledger, but the general ledger is not the whole record. We keep an advertising ac-

count. This posting account was on the monthly subsidiary record, as I mentioned this morning, that is prepared for Mr. Wrigley and myself, a dissection of the general ledger account of advertising.

(Mr. Aldrich then put the following question to the witness:

Q. You have spoken of certain notations being made on the bills and certain key numbers on the different advertisements. When were they placed thereon?

Mr. Mayer objected on the ground that Mr. Aldrich should be more definite as to exactly what notations he referred to in view of the thousands and thousands of bills, each filled with numerous notations, and also on the ground that the question was a double question. The objection was overruled.)

6332 I don't know what notations Mr. Aldrich is referring to, but there are certain notations put on every bill when it is received. There are other notations put on bills when the goods invoiced are received. There are other notations put on when the bills are checked. There are other notations put on when the cashier's office has paid them. There are other notations put on when the bill is dissected or transferred to its subsidiary account. The key numbers that are on the bill might either be on the bill when we receive it, might be put on the bill when received by us and might be put on the bill when it is O.K'd by myself, if it is an advertising item.

6333 Key numbers are given to advertising when it is ordered, before it is printed. It has appeared on the pic-
(4372) tures, on the advertising, practically since 1914, since
6334 I took charge of the advertising. A key number is a consecutive number of the copy or design that is used, and has no connection whatsoever between the key number and the design. Every piece of advertising material we order is given a number in rotation.

Larson Exhibit 45, has a key number 509 at the lower right hand corner of the advertisement. That key number is a short way of designating what that advertisement is, without reference to the text or use or any other matter. It is related to the reference we use on the contracts for the insertion of that advertisement in the newspapers.

The same remarks apply to Larson Exhibit 46, which is keyed 605 at the right hand corner above the United Profit-Sharing shield. The advertising matter, however,

has a different set of numbers. It appears on the advertising matter such as cutouts prefixed by an A.

6335 Larson Exhibit 50 does not bear any consecutive number. It is a special plate prepared for a small paper published at Great Lakes only during the period when the Great Lakes Training Station was at its height.

I did not designate any records to Mr. Hagberg when he was making his examination of our advertising account for the purpose of verifying the walls, billboards and signs. I did not talk to Mr. Hagberg but once, and then he said he could not understand my English, but he was offered, and there was placed at his disposal, I believe, all records that referred to walls and bulletins at the time he stated he wanted the records of that particular subject in the advertising, and, naturally, the working sheets.

6336 When I say that all records were available to Mr. Hagberg I mean everything we had in the office or any-
(4373) thing we could get that he wanted.

As to what would be the best available thing for that purpose to enable him to check up on the billboards, signs, and so forth, I will say I testified previously as to the items we had on which a check could be made very thoroughly of both billboards and posters. And I gave the series of documents that were used and the records that the information could be obtained from. Contracts, bills, location sheets, advices, bills of lading of despatch of posters, copy used by the painting concern.

We returned no bills to the plant owners. We have no original bills. We have not destroyed any original bills. The original bills are still there and our card system was made up as the location lists came in. They are positively correct because each bill is checked by
6337 the card index system. We have not returned any bills.

Mr. Aldrich misunderstood my testimony where I said "If they are correct, we destroy the location lists and also the bills of the plant owner, or we return the latter to the Poster Advertising Company as of no value to us, our proof that the service has been rendered having been submitted by them." Those are not bills submitted to us as an account. They are the original bills that we sometimes call for from the Poster advertising Company to substantiate the bill they have rendered to us. We make no contracts with plant owners, but we

do insist during a given period on seeing the original bills which the Poster Advertising Company pay. Our obligation was to the Poster Advertising Company.

The cards are tied up with the financial books. The cards serve as the basis on which all accounts are paid. The cards contain the name of the town, the state, the
(4374) contractor's name, the location, the copy, the size, the cost per square foot or per annum, and the dates of
6338 re-paint. The cards were often changed but not mutilated. Changes are taking place all the time. Changes are noted by date on the card itself, and the character of the changes are indicated. The cards are about 7 by 5 inches.

As to whether it was possible to state the account and verify the doing of the different classes of advertising to which the cards referred from the cards themselves, I will say the only cards we kept on the card system was for the walls, bulletins and electric signs, and for street cars. From the card system it was possible to know whether or not the amounts claimed to have been expended with reference to walls, bulletins and street cars had been actually expended. They are the material
6339 on which we obtain our figures.

(4375) In the work done during the two periods to which I
6339 have referred, in obtaining the cost for the walls, bulletins and electric display signs, we did not attempt to find out what amount should be allocated to the various brands, but we did take off the cards individually the amount of the cost of advertising Doublemint. We did not go to other sources than the cards.

All the labor in ascertaining the details of the expenditure for the account of Doublemint with reference to the walls, bulletins and electric displays, was confined to labor on the card system, substantiated, of course, by the bills from the various firms who supplied the printed walls, bulletins or electrical displays.

As to why it was necessary to go to the blils, I will
6340 say the bill shows the date it was paid and the gross amount that was paid. The cards show the detail of what the gross amount represented. The cards do not show the amount that was paid. They show, as I stated before, the time during which certain designs ran, and also the amount per square foot and the amount per annum for the wall. It is necessary to make a compu-

tation to find out what each wall cost and the amount allocatable to Doublemint.

As to whether Wrigley Exhibit 65, Stanley 4, includes both magazines and newspapers, or only magazines and billboards in such places where color is shown, I will say I scarcely think we used during the accounting period any newspaper advertising in colors. It would include magazine advertising in colors, bill posting, street cars, painted walls, painted bulletins, electrical displays and
(4376) possibly, I am not positive, donations of gum and such circularizing as we did where the package is shown in colors or the logotype in colors.

6341 (The following question and answer then appear:

"Q. And what that is included in Wrigley 65, Stanley 3, is not included in Wrigley Exhibit 65, Stanley 4?

"A. Such other captions as I have not already mentioned. Possibly the newspaper item on Wrigley Exhibit 65, Stanley 3, not possibly but the newspaper item does include magazines.")

The bill posting is all in colors. Painted walls, electrical signs, are all in colors; street cars are all in colored advertising. Match book advertising would be in colors, but not necessarily all miscellaneous advertising. Foreign advertising would partly be in colors. Advertising material would be partly in colors. Detail men would not be considered colored advertising. Sampling campaign of Doublemint would most likely be all colored work. Donations of Doublemint would be mostly all colored work, with the exception of freight and postage. The War Tax Rebate Certificates would not be considered colored work.

6342 A computation made on the basis of what I have just stated would give the gross.

I said in answer to a question on the direct that no one connected with my firm had any interest whatsoever, or received any compensation in connection with any advertising for which I have made charges in any account. I will explain the payments of $587.50 each month to William Wrigley from February to December,
(4377) 1915, or a total of $6,412.50, which gross-amount was charged to the advertising, remittance made by the New York City Car Advertising for net amount and checque drawn in favor of William Wrigley, Jr., for amount of the credit for $587.50 per month. The New York City

Car Advertising Company had an employe of I. J. Cohn, who personally owed to Mr. Wrigley several thousand dollars. With the assent of the New York City Car Ad-
6343 vertising Company, the William Wrigley Jr. Company did not pay the full amount which was due to the New York Car Advertising Company in a checque directly made out to that firm but split the account into two items, one cheque payable to the New York City Car Advertising Company for the major portion of the amount due, and the balance payable to William Wrigley Jr., in settlement of an account owing him by I. J. Cohn, an employee of the New York City Car Advertising Company.

I don't think that any very extended explanation of that appears on our books, because it so often happens that some firm will ask us to pay the account owing them, may be to a third party, and in this instance we did not find it necessary to give an explanation on our books that Mr. Cohn owed Mr. Wrigley, but Mr. Wrigley's personal books disclose the receipt of that item.

(Mr. Aldrich then asked the following question:

"Q. Touche, Niven & Company state, on page 16 of their report, about the middle of the page, that a mistake was made as to Doublemint's proportion of the decrease in the loss based on percentage of Doublemint sales of $25,907.86. What did you do with reference to
(4378) that statement that you had made a mistake of that
6344 character, to which Mr. Eckerly's attention was directed before that report was filed?"). The witness continued:

I cannot positively state from memory whether the item referred to on page 16 of the Touche-Niven report was discovered by Touche, Niven & Company or by us before Touche-Niven came there. I do know, however, that the account was taken up with Mr. Eckerly, who consulted daily with the employes of Touche-Niven during the time they were investigating, and my impression is that in the supplementary account that we presented to the Master, that is, the first supplementary account, some allowance has been made for this difference. I don't know whether the full amount or not is taken up, but I do know a rectification of the matter has been made; but it does not appear in any of the statements I presented.

(4379) January 31, 1923, 10:30 A. M.

6346 SAMUEL C. STEWART, a witness produced on be-
6347 half of the William Wrigley Jr. Company, being first duly sworn, testified on direct examination by Mr. Mayer:

My name is Samuel C. Stewart. I live in Evanston, Cook County, Illinois. I have lived in Cook County approximately 27 years. I am an advertising agent. I am senior partner of the Stewart-Davis Advertising
6348 Agency. That is a co-partnership. I organized that co-partnership in 1910. Its office at present is in the Wrigley Building, Chicago. The agency has had an office in Chicago since its inception.

The business of the agency is to plan, prepare and place newspaper and magazine advertising in newspapers and magazines all over the world. That has been its business since it started.

In plain English, we advise merchants and manufacturers with regard to what to advertise, how to advertise, and where to advertise, so far as respects newspapers and magazines. We do a business that extends all over the United States and also in foreign countries. That has been so since the organization of my concern.
6349 We do business for the Wm. Wrigley Jr. Company. Stewart-Davis Advertising Agency has done business for the William Wrigley Jr. Company since 1910. That is since the agency started in business. Previous to that, I was doing business for the Wrigley Company for
(4380) another concern, a different advertising agency.

My firm is composed of Seward M. Davis, John N. Stewart, Jr., and myself. The only change in our firm since 1910 was that we admitted John N. Stewart, Jr., to partnership about 1914.

6350 I am personally acquainted with Wm. Wrigley, Jr., and the officials of the Wm. Wrigley Jr. Company, Mr. Eckerley, Mr. Stanley and other officials. Mr. Wm. Wrigley Jr. is not interested in any way financially in the profits of my firm. He has never been at any time. No official of the Wrigley Company has ever been so interested. Neither the Wm. Wrigley Jr. Company or any of its officials, ever had any interest of any kind in

our agency, excepting in so far as it pertained solely to our looking after some of their advetising.

My institution was remunerated for the services we rendered the William Wrigley Jr. Company on the basis
6351 of the commission for the advertising placed. No part of that commission has ever gone to any of the officials of the Wm. Wrigley Jr. Company.

I will state to the Master in a general way what the nature has been of the business that my firm has done for the Wm. Wrigley Jr. Company. We have planned advertising, submitted the ideas of such advertising to the Wrigley concern, had their approval thereof, written and executed such ads, prepared the illustrations and type matter, and so forth, put them in plate form, given the Wrigley concern proofs of the advertisement, submitted to them lists of the publications in which we desired to run those advertisements, had their approval
(4381) of such lists, and their orders to execute the advertising over definite periods of time, and we have made our contracts with the newspapers or magazines for the insertion of such advertisements. Following that we have checked their appeared in the publications, particularly for the insertion and billed and collected for the insertion of those advertisements from the Wm. Wrigley Jr. Company. In each case the bill included an item for our commissions.

6352 The advertising I have just referred to has been inserted in newspapers and magazines. That is, that has been the routine and usual course of business between my firm and the Wm. Wrigley Jr. Company since it was organized about January 1, 1911. That was the course of business and routine followed between my firm and the Wm. Wrigley Jr. Company continuously between July 28th, 1914 and November 12, 1918.

This advertising that we have looked after has been
6353 in connection with newspapers and magazines. These newspapers and magazines have been published and circulated, generally speaking, in the United States and its possessions. I mean they have had national distribution.

We have means during the accounting period of knowing whether the advertising for which the bills were rendered to us during the accounting period by newspapers and magazines actually appeared in accordance with such bills. We have copies of the publications in which

the advertisements appeared. We insisted on a copy of the publication in each case.

As to whether we checked up always with a view to ascertaining whether or not all of the advertisements for
(4382) which these newspapers and magazines sent us bills actually appeared as billed, I will say that checking was done by my office force under my supervision and I was constantly watching to see that we got those copies and in most cases we had the copies containing the advertisements prior to the receipt of the bills. For instance, a daily paper would come out on the first of the month and they would mail us the paper. We would not get a bill for that month until the end of the month, and then there was always a check made of the bill against our checking. We did not pay unless we had the voucher
6354 showing that insertion was made.

I used the word "voucher." It means the same as a copy of the paper, so that we had proof that all the bills that we paid to any newspaper or magazine for advertising anything pertaining to Wm. Wrigley, Jr. Company during the accounting period represented advertisements which we knew were actually inserted. We never sent to Wm. Wrigley Jr. Company any bill for advertising in any newspaper or magazine during the accounting period or during any time unless it was for their advertisements which actually appeared in newspapers and magazines in accordance with the bills that we rendered the Wrigley Company therefor. We sent to the Wm. Wrigley Jr. Company the actual copies of the publications accompanying the bills. Those were
6355 always arranged in order as the items appeared in the bill, so that they could run through and check off those papers.

If we caused a given advertisement to be published more than once in a given newspaper, or in a given mag-
(4383) azine during the accounting period, as for instance, some daily advertisement, in order to check off to ascertain whether or not the advertisement appeared as many times as was indicated in the bills to us and in the bills we sent to the Wrigley Company, we secured the voucher copy of the paper for each insertion of each advertisement and submitted same to the Wrigley Company.

The Wrigley Company has always had access to our books and records in connection with their advertising.

My office has always been in the same building as the
6356 Wm. Wrigley Jr. Company, so that it was convenient for them to have access to our records.

(Mr. Mayer then drew the attention of the witness to Wrigley Exhibit 65, Stanley 21, being a contract between the Stewart-Davis Advertising Agency and Successful Farming, and asked the witness to state what that document was and the history of it and whether he had ever seen it before, and if so, under what circumstances. Mr. Aldrich objected on the ground that the document was incompetent and immaterial, and that the document speaks for itself. Mr. Mayer stated that all he proposed to show was a typical case. The Master overruled the objection.)

6359 This is an advertising order or contract originating in our office and authorizing Successful Farming to insert a 224 line advertisement of Wm. Wrigley Jr. Company in their issues for April, May, June, September and November, 1916, specifies the price to be paid, the cash discount and is accepted on behalf of the pub-
(4384) lished by his representative, his initials appearing thereon. It also specifies the position of the advertisement, although that is not demanded or obligatory on the part of the publisher. Further than that, this document shows that we sent to them a certain advertisement to be inserted in their April issue and certain other advertisements to be inserted in the successive issues. These advertisements are identified by the title line or large display in the advertisement. In the case of the first advertisement for April, 1916, sent them on January 12, 1916, the title was "Protect the Children's
6360 Teeth." This document bears a check mark indicating that the issue of that magazine was received and checked in our office, that the proper space appeared, that the amount was paid to them under date of April 10, 1916 by our cashier. This further shows that we billed the amount of this charge, plus our commission, to the Wm. Wrigley Jr. Company under date of April 15th, 1916.

Stanley Exhibit 21 is substantially the form that we have used since we started in business in making contracts with various newspapers and magazines.

Referring to the fact that the lower portion of that form is lined off, having a column headed "Checking";

another one headed "Month"; another one headed "Space"; another one headed "Date Paid"; another "Check No."; another "Amount," and the last "Date Billed," and that the first line underneath that shows in red ink writing, among other things, the following: "1/12/16—Protect the Children's Teeth," I will state in whose handwriting those items are at the bottom of that Exhibit, including the line just referred to.

(4385) The titles of the advertisements are in all cases in 6361 the handwriting of my partner, S. M. Davis. The record of payments appear sometimes in Mr. Davis' handwriting and other times in various bookkeepers' and other clerks' who have been in my employ, some of whom I can remember, and some I do not. The figures "1/12/16" in the line in question indicate that was the date on which the advertisement "Protect the Children's Teeth" was sent to Successful Farming.

The columns headed "Month" and "Space" respectively, indicate the number of lines that appear in that publication and the month in which it appeared. The balance of the information shown on the bottom of the face of Stanley 21, is made up in the same way and conveys similar information.

There are on the back of Stanley 21 some ink notations. They represent a report of the position given each of these advertisements for each of the six insertions. By the "six insertions" I mean the six insertions which the contract provided should be made. I testified to the six months.

6362 It is possible from the forms of contract that our agency made with the newspapers and magazines and the memoranda that we made thereon to tell exactly what the advertisement was, where it was published, how often, what space was occupied by it, when it was published, when we paid for it, how many lines were occupied, what the text of the advertisement was, and when we made the billing to the Wrigley Company.

(Mr. Aldrich objected to this last answer, but the objection was overruled.)

Referring to Wrigley Exhibit 65, Stanley 23, I will (4386) state that what I have just said in my last answer respecting Stanley 21 is equally true and applies to Wrigley 65, Stanley 23, and all other similar contracts,

6363 excepting that Stanley 23 contains figures in place of the first line of the advertisements themselves.

(Mr. Aldrich then stated that he was not repeating his objection, but that he assumed that his objection stood to all this class of testimony. The Master said it might be so understood.)

The identification numbers shown on the face of this contract, Stanley 23, refer to the advertisement numbers, and those advertisement numbers appear in the proofs of the advertisements which were placed in our
6364 advertising books. By way of illustration, Stanley 23 shows that on April 17, 1916, advertisement No. 605 was inserted in the Gazette at Little Rock, Arkansas. Advertisement No. 605 is Larson Exhibit No. 46. I know that because it is identified by the No. 605 in the lower right hand corner of Larson Exhibit 46.

6365 Referring to Larson Exhibit 46, I will state we paid the publisher for 500 agate lines of space. This 500 agate lines of space was computed from the type to type measured from the top of the upper type line to the bottom of the lower type line. I am referring to those two lines that some one has written on that page, namely, A-B, which is immediately above the word "Wrigley's" on the top of that Exhibit, and also the letters C-D immediately below the type of that Exhibit. The lines on
(4387) each side of the advertisement are supposed to indicate the column rules of the paper between which the advertisements appear. I mean that the advertisement
6366 as it appeared was confined within the lines shown on page 1046, A-C and B-D.

Wrigley 65, Stanley 24, A to Z inclusive, and also 24aa to WW, inclusive, is my office copy of the bill rendered by the Stewart-Davis Advertising Agency to the Wm. Wrigley Jr. Company under date of April 15, 1916. This includes those charges. By "those charges" I mean the charges shown on Stanley 21, 22 and 23.

(Mr. Aldrich stated there would be no cross-examination of the witness.)

6367 February 1, 1923, 10:30 A. M.

WILLIAM HENRY STANLEY, resumed the stand for further cross-examination by Mr. Aldrich:

The figures which Mr. Aldrich requested me to bring are not yet ready. We worked on them until 10 o'clock last night and there are some temporary pencil figures prepared which I left in the status of being copied this morning. I wanted to add as an explanation of that that once or twice I have explained that in our summary of figures the details we have carried into the wrong columns. I should think to get that straightened out would be quite an enormous job and take considerable time. I therefore left instructions to forget the fact that there were some transportations of figures, but to give us the
(4388) material they could, taking into account the fact that
6368 there were some errors, and to rectify them as near as they could. The totals we will deliver will be correct.

(The Master asked the witness how many people had been working on that in the last 24 hours. The witness answered:)

I have had about five people working upon the various accounts. They are all these different adjustments that have to be made and the advertising that is carried on our books is not what we have considered advertising in the accounting presented to the Master. We have thrown into advertising stationery. I mean on the books. That is treated as an overhead. It has to be taken out. We have thrown other items into advertising on the books, which were in the normal course of business included in advertising, and which had to be deducted. In the accounting we have excluded them and thrown things out of the advertising into the overhead account. Touche-Niven have some figures and we have some figures and
6369 Marwick, Mitchell, Peat & Company have some figures, but they have premised most of their work on our monthly summaries and we have to go through all those periods and take them out and adjust them as near as we can. It does not affect the total of the figures we will deliver. The total is right, but as to whether each individual detail, newspapers, street cars, bill boards, will be correct I don't know. We will get it as near as we can in the time.

As to whether it would require also an examination of our overhead and other accounts to see whether they have
(4389) been duplicated, the one in the other, I will say we are trying to avoid any difficulty of that sort. We are accepting the deductions of Marwick, Mitchell, Peat & Company, and Touche-Niven. So as to avoid any controversy, we are taking their figures as being correct. To prove their figures would mean going over the whole advertising account, which would take weeks.

(Mr. Aldrich then stated: "It was my impression, although I did not make it as a statement, Mr. Stanley, that the figures showing the total advertising appearing on page 5 of the Touche-Niven report were figures from your books and an acceptance of your statement on that subject." The witness answered:)

6370 No. The figures on page 5—the one statement is the portion which is chargeable to Doublemint. The total gross figures may have appeared as an advertising item somewhere, but it depends upon what your opinion of what advertising is what figures you arrive at.

(Mr. Aldrich then stated. "I am referring to the total figure for the advertising period shown on that. I have an impression that that was taken as a period from your own books and papers furnished Touche, Niven & Company." The witness continued:)

That's probably where he discovered the error that Touche, Niven & Company had fallen into. You will notice in the summary of the details of advertising is such an account as War Tax Rebate Certificates amounting to over $380,000. We treat it as advertising in the accounting, but in our ledger it appears under a separate
(4390) account because it goes onto the sales ledger. It is finally summarized by us as an advertising account. In
6371 the account as filed we treated it as an advertising expense. Page 5 of the Touche-Niven gives that item.

6372 The War Tax Rebate Certificates are certificates we issued in each box of gum at the time there was a four cent revenue tax per dollar sale of gum at retail prices. Each box had a certificate in it stating that the retailer could return sixteen of those certificates and obtain a box of gum for 16 of them free of charge. We have taken off our ledger the number of boxes of Doublemint that we have got in exchange for these War Tax Rebate Certificates. They were issued with certain

brands of gum only sold by us, and the item naturally would appear on the sales ledger, because we had to carry it to that account in the first place to balance our gum stocks and gum sales. They are transferred at the end of the month from the sales ledger to the general ledger and in the summary of the advertising they appear
6373 under a special column "War Tax Rebate Certificates" in total costs of the gum at manufactured price plus the cost of delivery to the recipient of the gum in exchange for the War Tax Rebate Certificates.

I would like to state further there that the account shown on the ledger would not give you the correct figures because we took an arbitrary figure as the manufacturing price of the gum in debting the War Tax Rebate Certificates account. That is, on our books in the ordinary course of business. But in the accounting presented to the Master we have rectified the amount charged to War Tax Rebate Certificates by taking the
(4391) actual manufactured cost of gum as arrived at without any guesswork and on the basis of actual figures. So the total account in the ledger even would not give the figures we are using in the accounting. We have rectified those things to actual costs.

6374 The total of that item amounted to some three hundred eighty thousand odd, of which we have charged, I think, by rectification some $97,000 to War Tax Rebate Certificates as a charge against Doublemint.

War Tax Rebate Certificates represent Doublemint Gum, we will say, manufactured and delivered to dealers in return for these certificates enclosed in each box shipped them, and also the postage or freight of making the delivery of the gum. I believe one of the War Tax Rebate Certificates is already in evidence.

The amount of gum delivered in connection with or for the return of such Certificates was embraced in our statement of account of the total amount of Doublemint gum manufactured. There is a specific item in the statement showing War Tax Rebate Certificates as a deduction from the amount manufactured to arrive at the amount sold.

The cost of manufacturing this gum so delivered in return for the delivery to us of certificates was not embraced in the cost of Doublemint gum as reported in our statement to the Master. The cost is not included in the

6375 manufacturing cost because there would be a duplication. The cost of such gum is taken under the item "War Tax Rebate Certificates manufacturing cost."

(4392) As to where in our original report as filed is shown that statement I have made, I will say there were several sheets in the testimony already showing how the sales of Doublemint Gum are arrived at for various periods. They are not shown in the account presented to the Master, but they appear in the testimony, some thirteen sheets, showing the statement of how the sales of Doublemint gum are arrived at, or similar language.

(Mr. Aldrich then put the following question:

"Q. And then pages 6 and 7, if I understand your answers correctly, in purporting to give a summary of sales of Wrigley's Doublemint from July 28, 1914, to August 24, 1918, both dates inclusive,—that's page 6—and page 7: statement of disposition of Wrigley's Doublemint, do not include the Doublemint manufactured and delivered for the certificates that you have stated. If I am incorrect in that supposition, kindly advise me in what respect and how?" The witness continued:)

I believe from memory that the statement on page 7 of the account may include the gum given away on War Tax Rebate Certificates under the heading "Given

6376 Away," but on page 6 of the accounting originally filed the item is not included as a sale or is not included in any item given on page 6. That is, are not included as the sales or included in any way on page 6 because page 6 is a summary of the sales, whereas page 7 of the accounting purports to be a statement of the disposition of all Wrigley gum delivered by the manufacturing department to the shipping department.

As to whether I am now speaking from memory, I

(4393) will say I confirmed that by stating on page 6 under the 5th column there is a total of 16,442,516½ boxes as a sale. On page 7 there appears in the second column headed "Sold in U. S. A. and Foreign Countries" the disposition of the 16,442,516½ boxes whereas in the fifth column headed "From Factory to Shipping Department" there appear 17,273,198 boxes, the difference on page 7 being accounted for by gum given away and returned to kettles for reboiling.

6377 There is a column in there headed "Gum given away." I believe from memory it was under that heading but

the thirteen statements already presented in evidence give the exact disposition by period of every box of gum delivered by the factory to the shipping department.

As to what thirteen statements I refer to, I will say if I could get the books I would show you. But they are headed statement of how the sales of Wrigley's Doublemint gum are arrived at. That is in my testimony.

I am hoping to have the figures Mr. Aldrich wants produced soon. It was a much bigger job than I thought.
6378 I bit off a little bit too much there. I could have given you the total of the advertising account as shown by the ledger within a few minutes, but I know it would have just misled you all, because the totals are not what you want, taken from the ledger.

The Wm. Wrigley Jr. Company attached to each box a four cent stamp issued by the Government and which we purchased from the Government. The purpose of this scheme was not to have our customers pay it to us in effect. At the time the four cent stamp was put on some-
(4394) where around October, 1914, we increased the sales price of our goods by 4 cents a box. We paid the Government the 4 cents, but in addition to that we put in each box a War Tax Rebate Certificate. In other words, we paid the Government the 4 cents that we charged the customer with although we did not tell the
6379 customer that, and in addition gave this War Tax Rebate Certificate.

(4395) February 1, 1923
2:00 o'clock P. M.

6380 PETER A. HYLLEBERG a witness produced on behalf of the Wm. Wrigley Jr. Company, being first duly sworn, testified on direct examination by Mr. Mayer as follows:

My name is Peter A. Hylleberg. I live at 5331 Berteau Avenue, Chicago. I have lived in Chicago thirty years.
6381 I am a salesman for Thomas Cusack Company. The principal office of that Company is located in Chicago. They are in the business of outdoor advertising, that is the painting and posting of outdoor display advertising on structures that are erected, wood and steel, on which we paint the advertisers' displays. They are generally known as billboards. In our particular business we

designate the painted boards as bulletin boards and the paper boards as poster boards. By paper boards I mean boards on which paper containing advertising matter is pasted.

I have been connected with the billing department, accounting and service, posting, national sales and local
6382 sales of the Cusack Company. The billing department in our institution, at the time I was in the billing department, was a separate department from the accounting department. We prepared the data that we received from the workmen and prepared it for the accounting department. The posting department has reference to the receiving and executing of poster contracts. Poster contracts cover displays that are posted—pasted—on billboards. In other words, they are the paper displays and not the painted displays. The service department has to do with seeing that the customers, or the clients, of the Cusack Company get the service that we have made a contract for. In other words they function in this
(4396) way; a contract is received and it is necessary to send out instructions so that the actual work can be done. These instructions are in the form of copy, as we call them; designs, blue prints; colored photographs; patterns; color schemes; and the service department attends to the sending of those. They also check back
6383 to see that the locations are painted, and after they have been received they are turned over to the billing department, those notices and the billing department turns them over to the accounting department. I know the method in which the Cusack business is conducted and has been conducted, more particularly during the years 1914, 1915, 1916, 1917 and 1918, with respect to the procedure that is followed from the time a contract is received until it is actually executed. The business of the Cusack Company extends from coast to coast and from Mexico up into Canada. That was also true during the years that I have just specified.

6384 We were in a position during the accounting period to offer a national advertiser—by that I mean an advertiser that was capable of taking on a campaign covering the entire United States—we were in a position to offer them a service of painted displays throughout the entire United States from the smallest village or town to the principal cities in the United States. We maintained

at that time, I believe, about forty-five branches or offices in these forty-five cities, having a manager, superintendent, workmen, clerical force and a regularly established branch. In ever instance where we painted or offered for sale locations, that is, on the service basis where we offered to take a contract, we had leases on the particular locations that we offered for sale.

(4397) I know some of the officials of the Wm. Wrigley Jr.
6385 Company. William H. Stanley of the Wrigley Company is the person I came particularly in contact with in connection with outdoor advertising. So far as I know William Wrigley Jr. is not interested in the Cusack Company financially nor to my knowledge are any of the officials of the Wm. Wrigley Jr. Company so interested. The Cusack Company was doing business for the Wm. Wrigley Jr. Company during the accounting period and before that. They are doing business for the Wrigley Company at the present time.

6386 It was customary for the Cusack Company to have written contracts with the Wm. Wrigley Jr. Company during the accounting period for the services we were to render. Those contracts were made on the basis of a certain appropriation for a particular territory, we to paint a certain number of locations at an agreed price, to cover a particular period of time with a particular copy. The locations, period of time and cost were agreed upon. After making those contracts during the accounting period we furnished instructions to painters, paint plant owners and branches, to execute the work that we
6387 had contracted for in accordance with the copy that had been agreed upon by the Wm. Wrigley Jr. Company. All of our work for the Wrigley Company was in colors, different colors. The copy furnished us showed the colors that we were to reproduce on the painted walls and painted bulletins. Plant owners refer to the owners of paint plants in cities that the Cusack Company do not own. I don't know whether I have made that clear or not, but we have two representatives. One of them a branch representative and the other a plant owner representative. Boston, Massachusetts, has a plant owner. We do not operate a branch in Boston except through a representative who owns his own plant, but we refer to him as a plant owner. Where we have our own branches
(4398) that means that we have our own crews do the paint-

ing on the walls and bulletins. Where we have no such employes and use plant owners, such as in Boston, the
6388 plant owners attend to the actual painting. The plant owners attend to the painting in their respective cities. Plant owners are paid by the Thomas Cusack Company. The Cusack Company pays those plant owners on the same basis as the Cusack Company are paid by the advertiser less a certain commission. In other words, the Cusack Company paid these plant owners exactly what they got from the Wrigley Company less a certain commission. We sublet work where we have no branches.

Wrigley Exhibit 65, Stanley 28, Walls etc., A marked for identification is a sample of the general form of contract that was made by the Cusack Company with the Wm. Wrigley Jr. Company during the entire accounting period. It is a contract of March 17, 1916, between the Thomas Cusack Company and Wm. Wrigley Jr. Company, for painting Spearmint and Doublemint designs for twelve months from June 5, 1916, specifying
6389 in detail how many Spearmint signs and how many Doublemint signs and the locations were they were to be displayed, and the number of Spearmint signs and the number of Doublemint signs, or advertisements, that were to be displayed in each of the named cities. That contract is typical. All the contracts would specify the nature of the advertisement, its location, its size, its price and the number to be painted and where to be painted. In other words it specified all the details. After we had made a contract with the Wm. Wrigley Jr. Company and had been furnished with the design that they
6390 wanted painted the branches or plant owners at points where we have not our own branches are directed to paint the displays in accordance with the copy O. K'd by the Wm. Wrigley Jr. Company, paint the locations that we specify to them, that is, the number in each particular town. We specify to our branches and to the plant owners the locations that have been agreed upon between us and the Wriyley Company. We knew whether the loca-
(4399) tions contracted for by the Wrigley Company during the accounting period were in fact painted with the designs referred to in the contract in the manner and to the extent called for by the contracts. The procedure is this: Painting instructions are sent out either to our work
6391 crews or branches, or to the plant owners, to paint cer-

tain locations and with a particular copy. After the work is executed—first of all, it is necessary that we have leases on these particular locations; leases are made by space men who make the leases with the property owners for the locations on which our work crews or our plant owners work. Crews paint the designs. After the work has been done, a report is sent direct to the Cusack Company either through the branch office or the plant owner or direct by the crew itself to the home office of the Cusack Company. These reports show the date of painting, the location, the direction in which the sign faces, the size and the design painted, that is, the copy that is painted on that particular location. These reports are received by the billing department. They are checked with the contract and if they agree they are prepared for billing and turned over to the accounting department to be entered in the books and billed to the Wm. Wrigley Jr. Company. After these reports come in, we have our superintendents out in the country who check the displays, and in our branch cities the managers check the work that is done in the larger cities. Out in the country our road superintendents and inspectors do that work. If we find that there are any discrepancies from the reports that were originally sent in by the painters,
6392 adjustment is made to the customer so that we are perfectly fair to the customer. During the accounting period we made reports from day to day to the Wrigley Company as the reports came in from the workmen, showing the progress of the work in the particular territories for which we had contracts.

(4400) Wrigley Exhibit 65, Stanley 28, Walls, etc., C. for identification, dated May 15, 1915, is a report of the painting of two Doublemint walls in Lincoln, Illinois, on May 15th, showing the particular locations painted, the view, the dimensions, the number of square feet painted. It
6393 shows the week in which the painting was done. I will state what care we exercised during the accounting period to satisfy ourselves that the work we were billing the Wrigley Company was actually done to the extent, at the time, and at the locations indicated by our charges to them. I believe I have already mentioned that our inspectors and road superintendents inspected the work after it had been done by the workmen; they also checked to see that the required number of locations of the right

kind were painted in the towns that we had contracted with the Wm. Wrigley Jr. Company to paint. That was a check that was made after the work had been done and after the reports had been received that the work had been done by the painters. In other words, there was a double check, one the workmen's report and the other the road superintendents' or inspector's report. The road superintendents and inspectors were continually through the territory and made inspections from time to time on the work that had been done. I have brought a sample of such a report here. It is dated April 26, 1916, signed by C. A. Mills, showing the painting of five walls for Doublemint and Spearmint in Asheville, North Carolina.
6394 It was just taken out of one of our record books, without any regard to any particular time, location or anything else. C. A. Mills is one of our painters. That report was sent into the Cusack Company by him in due course of business. It was sent in April 26, 1916. It is dated in the lower left hand corner. That document has various notations on it. As to whether there was anything on that report when it came to us originally by which we could tell what the text was that was painted on the signs referred to in the report, I will say that there is marked
(4401) on this report designs numbers S-6, S-1 and various S-designs. These various S-designs refer to the designs that were painted and refer to the copy that is agreed on by the Wm. Wrigley Jr. Company. In other words,
6395 we had in our custody a design that bore that number. When we had that before us, we had an exact duplicate of what was painted. We had some photographic copies of those signs. I brought some of those photographic copies here merely to illustrate the general type. I have five of them. These photographs that I have here show black and white only. It is impossible to reproduce the appearance of the original painted walls or bulletins without color. The original designs that were sent out, however, specified colored schemes and showed colored schemes, so that the painter could reproduce exactly what the Wm. Wrigley Jr. Company wanted. Insofar as the Cusack work involved the painting of a picture of Wrig-
6396 ley's Doublemint package, that was always a reproduction in colors of the original Wrigley's Doublemint package. The same thing is true with respect to other packages of Wrigley's gum that we advertised, and that was

true during the entire accounting period. These photographs that I have here were made from a plate that was taken off the original sketches, not walls or bulletins that we painted. These photographs are one of the designs that was used. Mr. Mayer submitted the photographs to Mr. Aldrich for inspection and stated that if Mr. Aldrich wanted them in the record, Mr. Mayer was perfectly willing to offer them. Copies of these various photographs were not furnished by us to the Wrigley Company from time to time. It was not necessary to furnish the Wrigley Company with copies. They had O. K'd the original copy and the Wrigley Company was not interested in any photographs of sketches. Our object in making these photographs was so as to give them
6397 to the men that actually did the painting. They also had before them the designs showing the actual colors that were to be reproduced on the painted walls and painted bulletins, with blue prints showing the various
(4402) designs keyed with these S-1 to 6 numbers. They followed the paint crews to a great extent, to see that the
6398 work was properly executed. Inspections were made from time to time by the Wrigley Company and as evidence of that we did receive letters from the Wrigley Company asking us for refunds or adjustments on particular locations that they did not think were right or that they could not find, and we would make the necessary adjustments wherever they were found.

I was asked to select at random some illustration of a report from one of our inspectors to us. I have brought such a report with me. (The witness produced said report and it was offered and received in evidence marked Wrigley Exhibit 66.) F. O. Freund who sent in this Wrigley Exhibit 66, dated Wilkes-Barre, Pennsylvania, September 13, 1917, is a superintendent in our Inter-
6399 national Department. The exhibit refers to a wall painted at 217 East Broad Street, Hazleton, Pennsylvania. It says that that painting is there and that he will mail us a snap shot of the wall later. It also says that "The reason the Wrigley inspector could not locate this wall is simple" and then goes on to give an explanation. That explanation has reference to an inquiry or a statement made to the Cusack Company by the Wrigley Company that this particular Broad Street location was not there, and this is a check-up by our inspector on the

Wrigley inspector to show that the work was actually
6400 executed and that the wall was on display and in good condition. It was our purpose to keep an accurate and careful check to see that all contracts that we made with the Wrigley Company were fully performed in accordance with our terms. It was our purpose and intention during the accounting period to do not only what I have just said but also to send no bills to the Wm. Wrigley Jr. Company excepting for painted walls and painted bulletins at the location and of the kind and the extent and at the prices called for by our contracts and by the de-
(4403) signs submitted. I have already testified that from time to time after we had checked up on the work we would send bills to the Wm. Wrigley Jr. Company.

Wrigley Exhibit 65, Stanley 28, Walls, etc. D is bills covering painted wall displays for which we had contracts with the Wm. Wrigley Jr. Company.

(4404) Our records were so kept that we can tell exactly what
6401 it is that we were painting for the Wm. Wrigley Jr. Company during the accounting period. The reports that we made from time to time to the Wrigley Company pertaining to the work that we did for it during the accounting period were so prepared that it was possible for them to tell therefrom just what they were making their payments to us for.

When Freund sent this report to us marked Wrigley Exhibit 66 we sent a communication, on September 17th, to the Wm. Wrigley Jr. Company, pertaining to the wall referred to in the Freund communication. In that letter we wrote to the Wm. Wrigley Jr. Company, Chicago, Illinois, Attention Mr. W. H. Stanley, advising him that our inspector advised us, under date of September 13th, that this sign was in good condition, and, further, giving an explanation as to why the Wrigley inspector could
6402 not find the location.

Wrigley Exhibit 66, and the discussion that was taking place between the Wrigley Company and the Cusack Company, as to whether that particular wall had been painted or not, fairly reflects the general method in which our work was being checked by our own people, as well as by the Wrigley Company's employes.

(Mr. Mayer then offered in evidence the report from
6403 C. A. Mills to the Cusack Company dated April 26, 1916, a typical report, which had been referred to by the

witness. Said report wdas received in evidence, marked (4405) Wrigley Exhibit 67.)

Cross-Examination by Mr. Aldrich.

The invoices themselves do not refer to designs but the invoices were accompanied with an explanatory list showing the designs, in each particular instance. I understood the accounting period to embrace a date in 1914 to a date in 1918. The specific dates I do not remember. I do not know of any ruction between the Cusack Company and the Wrigley Company during the accounting period.

6404 JAMES T. DOWNEY, a witness produced on behalf of the Wm. Wrigley Jr. Company, being first duly sworn, testified, on Direct Examination by Mr. Mayer:

My name is James T. Downey. I live at Warrenville, Illinois. I am fifty years old. My business is street-car advertising. I am connected with the Street Railways
6405 Advertising Company. That Advertising Company is engaged in national and local advertsing of manufacturers and retail merchants in cities and towns throughout the United States. That advertising is done by placing cards in street cars in a space 11 by 21 inches. I am Vice-President of that Company. During my connection with it I have been in the following departments of its business: salesman, sales department, executive department of sales, and a general executive.

I am acquainted with general method of my company's business, and I have had that familiarity during the last ten or more years. My company covers every states in the Union practically, and does business with the largest nationl advertisers, as well as local adver-
(4406) tisers.

6406 Part of the business of my company is the making of contracts with the owners of street cars for the use by us of the advertising space in the street cars. My company during the last ten years has contracted for from 45 to 75 to 80 per cent—varying with the period—of the adver-
6407 tising space in the street cars operated in the United States.

During the accounting period I should say we controlled an average of about 65 per cent of that space. Today it is as high as 80 to 85. During the accounting period we controlled street car space in about 300 cities. I should say in round numbers my company has 6,000 customers. The Wm. Wrigley Jr. Compnay is one of our customers, and it has been since 1910. I know Wm. Wrigley, Jr.

6408 Neither Wm. Wrigley Jr. Company nor any of the officials of the Wm. Wrigley Jr. Company is financially interested in my company. None of them ever has been.

The space my company leases in these street cars it endeavors to the best of its ability to sell to manufacturers and others who may desire to promote their business.

We did business with the Wrigley Company for the time covered by the accounting period. It is customary for us to make written contracts with our customers, including the Wrigley Company.

6409 "Wrigley Exhibit 65, Stanley 29, Street Cars A" for identification, purporting to be a contract between my company and the Wm. Wrigley Company, dated June 22, 1916, for the placing of the Wrigley Company's advertisements in all of the street cars listed by my company in the cities cited on an attached list, for 84 months from October 1, 1914, specifying among other things the con-

(4407) sideration to be paid, in this case $14,613.20 per month during the specified term, is a general clearing house order of the Street Railways Advertising Company, accepted by our President, Barron G. Collier.

By clearing house order I mean a contract between the Wrigley Company and my company. It is a typical form of the contracts that we made with the Wrigley Company during the accounting period. It is a printed form. After such a contract has been entered into

6410 between my company and the Wrigley Company an accepted copy of the contract is sent to the advertiser. The contract department receives the original contract, and proceeds to make out their order for the service, which goes to the service department. The service department issues shipping instructions to the advertiser, giving the name and address of the person or company to whom cards are to be sent, by the advertiser. The car service department notifies our agent or carder that these cards will be along in due time and are to be placed

in the cars at a specific time. The carder receives the cards, receipts for them, follows his instructions, and when the installations of the cards in the cars are complete he so advises the New York office, who keeps a master work record of all cards that are placed in the cars by the carder.

6411 Wrigley Exhibit 65, Stanley 29, Street Cars etc. B, is is a list of the states and cities in which the service on this contract is to be rendered by the Street Railways Advertising Company. That document also shows the number of cars in which the cards are placed, and the number of cars in each city or town in which the cards are to be placed. In some instances the expression "full run" was used in the document. Those words mean all the cars in service in that town listed by our (4408) selling list.

By way of illustration, without going into detail, that particular exhibit shows that we and the Wrigley Company had a contract whereby there were to be cards in a large number of named cities in 40 or more states, and 6412 in a very large number of cities named in each of those states.

A carder is our representative in a city who placed the cards in the cars in those spaces marked off 11 by 21 inches, and are divided by steel springs.

Specific instructions are received by him from the New York office, from the service department, as to whose cards to place in the car, and in what cars they should be placed; and those instructions he is obliged to follow to the letter.

The main office of my company is 220 West 42nd Street, New York City. It has been in New York for some years.

6413 The advertiser, printer, or lithographer sends to our carders the card the Wrigley Company wants displayed in the street cars. As to how we know to whom to forward these advertising cards, I will say, the car service department mails a shipping list with instructions to ship so many cards to name and address. These are usually forwarded to the printer or lithographer, who in turn ships them for the advertiser to these designated points.

The company does not get the name, or know to what lithographer or printer those instructions should be sent, unless the advertiser advises. Our shipping instructions go direct to the advertiser.

Referring to the document marked for indentification "Wrigley exhibit 65, Stanley 29, Street Cars, etc., D",
(4409) which purports to be shipping instructions from Wm. Wrigley Jr. Company to Gugler Lithographer Company, Milwaukee, Wisconsin, I observe there are a good many shipping directions contained in that document pertaining to what is designated as series No. 81, car cards. That Exhibit contains a list of names and addresses of persons located in various places.

6414 Taking merely at random the name "F. N. Keobrich, Dayton, Ohio", he is one of our carders. In that way if I went through that document I would find names and addresses of our carders. Those names and addresses were furnished by us to the Wm. Wrigley Jr. Company.

In the letter of instructions from the Wm. Wrigley Jr. Company they would advise that they were preparing series No., for example, 102, with A and B, which would mean two distinct designs of cards, that they were sending us an equal number of cards to replace their present display in the cars. The carder would be previously instructed upon receipt of these cards to make the change, and if they were not received by a specified time to so notify the New York office of the delay. Those are
6415 general instructions we follow with all advertisers.

Thus from time to time we will receive instructions as to the exact number of cards and what the nature thereof was to be, and our carders would receive similar instructions from us. Our receipts for these packages delivered to us would indicate to the New York office the series or character or text or design of the card.

My company was in the habit of keeping samples of these different cards that the Wrigley Company was displaying during the accounting period in street cars under
(4410) its contracts with us.

I have tesified that when the carder would place cards in the cars he would make reports showing just how many cards he had placed in cars and the series or indentifying numbers. It was part of the carder's duty to keep us constantly, fully and correctly informed as to all those
6416 matters.

I said something about there being in our office what we call a master work record. The master work sheet shows the number of cards placed in a car, and the equal distribution of the subjects or designs. Those records

were so kept that we could tell from the series number or other identifying marks how much space was being occupied by the various cards advertising the Wm. Wrigley Jr. Company's gum.

As to what means my company employed during the accounting period to satisfy itself that our carders were doing their duty correctly, that is to say, to satisfy ourselves that the various cards both as to text and as to quantity which were to be displayed by the Wrigley Company were in fact displayed during the accounting period, I will say our inspectors checked the service regularly throughout the country.

6417 During the accounting period we employed all the way from 10 to 15 inspectors. Their duties were to follow instructions from the car service department, New York office, and report back to them any irregularities on the service. They traveled wherever we placed cards in cars. Those inspectors were informed before they made their trips exactly how many cards and what the series numbers were, and the names of the advertisers.

Our inspectors are furnished with information that will enable them to give a correct check of the service of the (4411) carders. We not only check our service in the in-
4411 terest of the advertiser, but for a selfish reason. We have a man, for example, at Kankakee. He is in control of the business there. Any showman may happen along and want to run his cards for a week and be willing to give him a good cigar and couple of tickets to put his cards in the cars. That may happen in the case of an advertiser who thinks he could get something for nothing, and we are checking our service continually to detect anything
6418 of that character.

That was true during the entire accounting period. As to what the Wrigley Company did in the way of checking the service, I will say from time to time we heard of an old series appearing in a car that was out of date. We would get that information from Mr. Stanley, of Wm. Wrigley Jr. Company, furnishing us with the car number, advising their representative traveling in that particular city had noticed his card. We promptly advised our carder, and in many cases we found that the situation was corrected because it was a car that had been in the workshop where our men are not allowed to go, and

got out on the streets before he had a chance to card it with a new card.

I am satisfied from my knowledge of the business done by my Company for the Wm. Wrigley Jr. Company during the accounting period that they were watching and checking up on our work. I would say they were because some of their complaints that cards were not in cars were checked and it was found that the card was in the end instead of on the side. The service that most of these men looked for was in the side racks, while from
(4412) time to time we were in a position to place them in one
6419 of the ends. The men were not accustomed to seeing them there, and did not think to look there for the card, and from that I would judge that they were checking up on us.

In accordance with our contracts we billed the Wrigley Company monthly for our work during the accounting period. Whenever those bills were not correct our attention was promptly called to it by the Wm. Wrigley Jr. Company. So far as lay in our power it was our purpose to send bills only for the space actually used by the Wrigley Company under its contract with us. So far as I know, subject to accidental errors, there were no bills sent during the accounting period or at any other time except for space actually used by the Wm. Wrigley Jr. Company.

6420 Wrigley Exhibit 65, Stanley 29, Street Cars, etc., E., is a bill that was sent out in the regular course of my Company's business to the Wm. Wrigley Jr. Company. It is dated May 1, 1918. Part of the bill consists of four sheets of my Company's credit memoranda. The first one is a credit, and reads: "Credit by unrendered service for the month of May. Mobile, Ala. 5." That refers to Mobile, Alabama. Five cars were taken out of service, and the Wrigley Company was given credit for it.

6421 Those four sheets contain the names of over 50 cities in over 20 states. Opposite that list of cities and states appear numbers like the "5" that I have already referred to and in some instances 10, and 18,—various different numbers. Speaking generally, that means that
(4413) those numbers represent the number of street cars in which the Wrigley Company's cards should have been

exhibited according to our contract with them but in the number of cars the cards were not in fact exhibited.

The information that we received showing insufficient numbers of cars displaying the Wrigley Company's advertising as provided in the contract would come to us from our carders and inspectors.

6422 February 2, 1923, 10:30 o'cock A. M.

WILLIAM H. STANLEY, resumed the stand, for further cross-examination by Mr. Aldrich:

(The witness stated that he had the figures for which Mr. Aldrich had asked.)

The following stipulation was then entered into:

It is Stipulated that the Wm. Wrigley Jr. Company need not call as a witness Mr. Fisk, who is now in New York, and who, if present, would testify that for the past ten years or more he has been connected with various departments of the Poster Advertising Company and its predecessor, A. M. Briggs Company, and that during the accounting period one or the other, or both of those companies, looked after the bill posting for Wm. Wrigley Jr. Company throughout the United States under contracts, and that all the bill posting work which was to have been done by the Poster Advertising Company or the Briggs Company for the Wm. Wrigley Jr. Company (4414) during the accounting period was in fact done in accordance with contracts therefor, and that the posting companies had inspectors who investigated the bill posting for the Wrigley Company during the accounting period and made reports thereon, and that the records of the posting companies always showed the locations of the bill posting done for the Wrigley Company during the accounting period and the nature, size, locations, extent, text and character of the advertisements, and that no bills were rendered to the Wm. Wrigley Jr. Company for any bill posting during the accounting period, excepting for services actually performed and bill posting actually done, and that the posting companies kept the Wrigley Company fully and correctly advised during the accounting period as to all of the posting done for the Wrigley Company, showing also the location of the posters, the

time that they were in place, the nature of the advertisements, the cost thereof, and that the advertisements all had serial numbers, a record of which was kept by the posting companies and copies of which were furnished the Wrigley Company from time to time together with correct bills for the expenses and service in connection with such
6424 bill posting, and that by means of the serial numbers it was possible to identify the text of each poster.

It Is Stipulated that the Wrigley Company need not call Mr. Fisk as a witness, but that this record may show that if he were present he would testify to the foregoing statement, and that such statement shall be received in evidence with the same force and effect as
(4415) if Mr. Fisk had appeared before the Master and had so testified.

(4415) It Is Further Stipulatee that the Wm. Wrigley Jr. Company need not call as a witness Albert E. Gans of New York City, and that if he were present and called as a witness he would testify as follows: That he now is and for more than ten years next last past has been connected with the O. J. Gude Company, which does national advertising by electric and illuminating signs, painted walls and painted bulletins, and so did during the accounting period for the Wm. Wrigley Jr. Company, and that during said accounting period the Gude Company kept full and complete records of all the work which they did for the Wm. Wrigley Jr. Company and from time to time inspected the same, and that during the accounting period their records correctly showed the nature, extent and location of all the work which they did
6425 for the Wrigley Company and including the text and design of all displays, and that they correctly kept the Wrigley Company informed from time to time during the entire accounting period by written reports as to what the Gude Company was doing for it, the locations, the nature and extent of their advertising including the text and designs of all advertising and the operation of all electric displays, and that the Gude Company sent correct bills monthly to the Wrigley Company during the accounting period which contained a correct description of all the locations at which the work was done, which locations are designated on all the contracts where the text is also shown, so that the Wm. Wrigley Jr. Com-
(4416) pany was at all times correctly informed by bills and

written reports as to precisely what the Gude Company was doing for the Wm. Wrigley Jr. Company during the accounting period, and that no bills were sent by the Gude Company to the Wrigley Company which were not in due course of business and in accordance with the foregoing statement.

It Is Further Stipulated that the record may show the foregoing statement of facts with the same force and effect as if said Gans had been called as a witness and had testified to said statement of fact. .....

6426 (The witness then produced the paper which Mr. Aldrich had asked him to prepare, showing the Wrigley Company's total expenditure for advertising, divided in the same manner as the filed account.

Mr. Aldrich stated that he offered the document in evidence as part of his cross-examination and upon which he wished to ask the witness questions. Mr. Aldrich further stated that he did not wish to be bound by the document or make it a part of his evidence in the sense that he was bound by it.

Mr. Mayer then said he did not understand that Mr. Aldrich could offer a document in evidence upon condition that the law is a certain way; that Mr. Aldrich had asked that the statement should be prepared, at a prior hearing; that the witness had prepared such a statement, had produced it, and Mr. Aldrich had examined it and offered it in evidence; that what the legal effect of that was was something for the Master to determine, but (4417) which he need not then determine.

Mr. Aldrich stated that it was only his desire to give notice of his attitude toward the document, and added: "I have had to call for it in connection with the claim as to war tax rebate certificates, and the witness has produced it in that connection, as I understand it.")

6428 (Said document, produced by the witness Stanley, headed, "Statement reconciling the figures relating to advertising as shown by our records with the advertising figures shown by Touche, Niven & Company, on page 5 and Exhibits C and O", so offered in evidence by Mr. Aldrich, was received in evidence, and marked Larson Exhibit 168.) Said Larson Exhibit 168 is as follows:

(4418) STATEMENT RECONCILING THE FIGURES RELATING TO ADVERTISING AS SHOWN BY OUR RECORDS WITH THE ADVERTISING FIGURES SHOWN BY TOUCHE NIVEN & COMPANY ON PAGE 5, AND EXHIBITS "C" AND "O".

Line No.	Col. 1	Col. 2 Aug. 1 to Dec. 31, 1914	Col. 3 1915	Col. 4 1916	Col. 5 1917	Col. 6 Jan. 1 to Nov. 12, 1918	Col. 7 TOTAL
1.	Newspapers and Magazines	$244,110.57	$ 360,837.03	$ 325,564.20	$ 327,905.83	$ 239,162.00	$1,587,579.63
2	Billposting	105,910.44	263,765.23	207,312.47	258,646.06	315,876.13	1,151,510.33
3	Walls, Bulletins & Electric Signs	160,187.35	308,044.37	238,409.56	177,247.31	80,636.16	964,524.75
4	Street Cars	127,056.70	311,315.71	319,121.82	346,491.63	313,021.11	1,417,006.97
5	Miscellaneous	35,624.74	82,975.88	75,170.66	128,314.84	172,082.84	494,168.96
6	Advertising Allowances to Jobbers	170,695.24	103,284.73	160,435.30	12,651.59	7,657.75	454,724.61
7	D. M. Cards Redeemed and Samples		78,281.14	71,874.06	*2,611.01*		147,544.19
8	Foreign Advertising			9,350.63	16,566.81	2,283.29	28,200.73
9	Advertising included in Agency Acct.	2,213.48					2,213.48
10	Advertising Matter	22,031.32	92,651.08	136,597.89	97,832.55	52,560.58	401,673.42
11	Detail Men	22,717.80	103,148.57	131,591.03	146,979.33	46,010.38	450,447.11
12	Revenue Rebate Gum Certificates	65.12	109,731.87	223,765.77	43,982.38	3,035.31	380,580.45
13		$890,612.76	$1,814,035.61	$1,899,193.39	$1,554,007.32	$1,322,325.55	$7,480,174.63
	Deductions:						
14	Office Stationery included in Advertising Matter	10,054.10	29,897.00	90,709.61	56,414.62	8,413.84	195,489.17
15	Miscellaneous included in Advertising	305.78	1,119.92	1,105.34	819.00	1,078.70	4,428.74
16	Trade Discount included in Advg.	28,672.95	108,206.79	130,783.90	13,054.42		280,718.06
17	Printing U. P. S. Coupons included in Advertising Account	1,423.06	929.60				2,352.66
18	Donations included in Advertising	780.00	8,348.00	29,131.35	80,085.02	135,179.07	253,523.44
19		$ 41,235.89	$ 148,501.31	$ 251,730.20	$ 150,373.06	$ 144,671.61	$ 736,512.07
20	TOTAL—Line 19 from Line 13	$849,376.87	$1,665,534.30	$1,647,463.19	$1,403,634.26	$1,177,653.94	$6,743,662.56

(4419) The Witness: This paper which I have produced here in connection with the War Tax Rebate Certificates is headed "Statement reconciling the figures relating to advertising as shown by our records with the advertising figures shown by Touche, Niven & Company on page 5 and Exhibits C and O." I have prepared this paper for the purpose indicated by the heading.

(Mr. Aldrich then stated to the witness that he noticed that in the total advertising for the different periods there is a variation in some, and perhaps all, instances between the total as taken by Touche, Niven & Company from the Wrigley books at the time of their examination by Touche, Niven & Company, and the totals as Mr. Stanley now finds them. He then asked Mr. Stanley whether those changes had been made as the result of Mr. Stanley's investigations shown by the tables which Mr. Stanley had submitted as part of his direct examina-
(4420) tion, and which were in the record as Wrigley Exhibit 65: Stanley 1 to 20, inclusive. The witness answered: "No.").

The Witness: (Continuing:) As I stated when asked to prepare this statement, the figures on this statement
6429 are the figures shown by our books, and the figures which Touche, Niven & Company used for their report, but these figures are not in correct accordance with actual facts as used by us in making up our statement, Wrigley Exhibit 65.

As to whether these are the figures that I have used in our original report as filed with the Master on December 3rd and 10th, respectively, in 1918, I will say partly yes and partly no.

In so far as these figures indicate a change between our original report as filed on December 3, and December 10 in this case, those changes are not the result of my subsequent investigation shown by Wrigley Exhibit 65, Stanley 1 to 20, inclusive.

In the original and supplemental report filed with the Master in December, 1918, there is no place in that report where such figures as produced on this sheet, Larson Exhibit 168, are shown. These are the gross totals taken from our ledger and subsidiary records.

6430 In the report filed with the Master in December, 1918, and in the Supplemental report attached to said report

we have only used that portion which we allocated to Doublemint of these total figures.

In Exhibit C to the Touche-Niven report for the period ending December 31, 1914, being the first period of the
(4421) accounting, Touche, Niven & Company give the total figures for advertising as $850,091.75. I will explain the difference between that figure of Touche-Niven & Company and the figure of $849,376.87 for the same period, appearing in Larson Exhibit 168.

In Larson Exhibit 132, Exhibit C, Touche, Niven & Company give the total of $850,091.75 against the caption "Proportion of Advertising chargeable to Doublemint on the basis of Doublemint sales to all sales: Amount of advertising (including detail men, advertising matter, etc.) per book $850,091.75". From this amount they deduct donations included in advertising, $780, leaving a net amount of $849,311.75. If this amount be taken and the item on line 12 of Larson Exhibit 168, "Revenue Rebate Gum Certificates" of $65.12, be added thereto, the amount given on line 20 of Larson Exhibit 168 against the caption "Total—Line 19 from line 13" will be arrived at, namely, $849,376.87.

6431 The same logic and principles will apply all the way through.

(Mr. Aldrich then put the following question to the witness:

Q. So that, broadly stated, we may assume that the difference between the total figures as given by Touche, Niven & Company in their filed report in Exhibit C and the figures arrived at in the report which you have produced this morning are the figures indicated in line 12 of Larson Exhibit 168, there denominated "Revenue rebate gum certificates"?)

The Witness: They are not the figures we have adopted in our accounting. They are the figures that are shown on our ledgers. The figures we have adopted in our account are the figures arrived at by a dissection of
(4422) another account in addition to the account headed "Revenue Rebate gum certificates".

6432 The other account, dissected to influence the figures shown on Larson Exhibit 168 in line 12, are the figures given under "Advertising matter". A dissection of that account has disclosed that the printing cost of the revenue rebate gum certificates, or, as we call them, war tax re-

bate certificates, was included under advertising matter, and we have thrown that to the correct account so as to bring all items of a similar nature together.

As to where the advertising matter and postage embraced in these war tax rebate certificates appear prior to the recent re-adjustment of the account, I will say the printed matter, that is, the printing of the war tax rebate certificates, appears in "Advertising matter," which is a caption we use all through the accounting. The postage, freight, etc., appears in the freight and traffic record under "Freight out."

As to where the expense of printing these rebate certificates and the postage which was embraced in our total charge on account of such certificates appears in
6433 our original accounting, I will say, that's the same answer as my last answer. The advertising matter, the printing of the war tax rebate and certificates and the freight in the out-freight account and postage will also come under a similar item, either postage or out-freight.

As to whether we have revised our figures on that matter as they were originally shown in our working sheets, I will say, if the reference is to the ninety-seven thousand odd dollars for war tax rebate certificates, as shown on page 5 of Touche, Niven's report, that we have
(4423) not. The total amount of that was $97,000., with the postage and printing. I cannot tell from memory what the net was.

(Mr. Aldrich then handed the witness what he said was a copy of a Touche, Niven & Co. working sheet; he said the sheet was Schedule K, and that it was written on a sheet of yellow paper that had a page number 892, and above it, printed with a rubber stamp, "Wm. Wrigley Jr. Company." Mr. Aldrich stated that the sheet had
6434 been identified, and marked for identification, but whether it was in evidence or not he did not know. Mr. Aldrich then asked the witness whether that sheet refreshed his recollection.)

The Witness: I would not have any reason to doubt that Touche, Niven & Company have copied our figures on that subject. Of course I don't know without a comparison, but our figures on the question of war tax rebate certificates were arrived at by a complete analysis of each sheet. There was no credit in the account we have presented to the master for gum sent out on war tax

rebate certificates. There is a charge at manufacturing cost under that caption in the account at a subsidiary caption of the amount chargeable to advertising.

6435 As to how it has handled on our books, I will say a receipt of 16 certificates from a retailer would call for a box of gum designated by that retailer by brand, by us. Immediately the order department would write out an invoice in triplicate for the dispatch of that box of gum and it would be routed by the traffic department as to whether it should go by parcel post, or by any other method. On the dispatch of the box of gum, the routine (4424) of which you know from previous testimony the sheet comes back to the office, but, instead of being one entry on a sheet, we used to put on several because the sheet was headed "War tax rebate certificates" or "Revenue rebate gum certificates." The total number of boxes of gum plus the cost of sending them out and the gum figured at an arbitrary price, as I have already mentioned,—the gum was figured at the cost price in the accounting, but not our ledgers.

(Mr. Lane explained that Mr. Stanley had the day before explained that on the ledger said gum was figured as a profit, but when the account was rendered actual manufacturing costs were taken, so as not to do anything unfavorable to Larson.)

6436 The Witness: The items are then debited on our sales ledger to revenue rebate gum certificates to balance our stocks and sales and manufacture. The amount taken on the ledger, of course, is very different from what I have taken for the basis of the figures presented to the master because the Schedule K, which I was just looking at, will show you that we have taken the number of boxes of Doublemint gum that were sent out on request in exchange for these war tax rebate certificates by analyzing each sheet of dispatch, having arrived at the number of boxes of Doublemint gum that was sent out, we have multiplied that number of boxes by the actual manufacturing cost arrived at and shown in the statement in each period. To that we have added the amount of freight or express or postage and also the allowances we have made to jobbers for Doublemint gum which they have handed out from their stock without a request from us, and for which they sent us a war tax rebate certificate.

(4425) If a customer orders 10 boxes of Doublemint, and
6437 at the time of placing the order sends in 16 of these war rebate certificates, it is not correct to say that when we bill the goods to the customer we send 11 boxes of gum. Such an occasion could not arise, because we don't sell to retailers, and in the second place the 10 boxes of gum, if it were supposedly an order, would be treated differently altogether to the one box of gum. The 10 boxes of gum would be a direct charge on our usual invoice form. The one box of gum would be a charge on a gray form, which is headed "Revenue rebate gum certificates" or "War tax rebate certificates", so that it would come under the right account. The two items might be combined for shipment, but they would not combined for bookkeeping purposes in the office. Our accounts would never be in balance if we treated it that way.

The gum so sent out for the redemption of war tax certificates is charged on our books to the war tax certificates. The stock is not credited.

There is absolutely no credit, becaues the sales on one
6438 side are off set by manufacturing cost, etc. At the end of the month the war tax rebate certificates are checked up with the amount of gum sent out. The amount of gum sent out is debited to the sales ledger account of revenue rebate gum certificates, and then closed out at the end of each month over to the advertising. The credit, of course, is the advertising account, but the advertising account is debited. Just a technical credit, it is not an actual credit. In other words, it is treated as an expense. It is not debited and credited to the same account.

(4426) The gum is debited to the revenue rebate gum certificates account, and the credit that is placed to that account is for the purpose only of closing out that account in the sales ledger, but it comes down to the general ledger, and is debited then in the general ledger, so that the same amount in volume remains as a debit on our books as an expense. The credit was to close out the account on the sales ledger so as to carry it onto the general ledger.

(Mr. Aldrich then said: But when it was put into the sales ledger, what was credited? That's what I want to know.)

6439 The Witness: Nothing is credited. It is treated as an expense. An expense, the general ledger at the end of the month closed it out as an expense. We don't make a credit for each entry we put in as a debit. We closed it out at the end of the month.

As to Mr. Aldrich's statement that he understand that there always has to be a corresponding credit to every debit, and that he wants to know what is credited in this manner, I will say I think I have explained that several times. I cannot do it any clearer. I am sorry, but bookkeeping does not run the way Mr. Aldrich seems to think.

When we sent out the gum for these war rebate certificates we simply charged that up as an expense of advertising. As to what we credit at the time we charge
6440 up, I will say as I have stated, it comes in as a sale first, and then is closed out by the expense. You cannot have anything clearer than that. It figures in the sales ledger as a sale, and is closed out by the credit at the
(4427) end of the month over to the "Advertising" or "Revenue rebate gum certificates" in the general ledger.

The account is balanced at the end of the month. I can give Mr. Aldrich the technical headings, if he wants them. In ABC bookkeeping forms, which we do not use, it is debit war tax rebate certificates, credit sales. Credit war tax rebate certificates, debit expense advertising.

6441 (Mr. Aldrich then put the following question: Mr. Stanley, I have called your attention to sheet No. 892, Schedule K, of Touche, Niven's papers 24, taken for identification and marked Touche Exhibit 19 11/30/21, which shows the computations for each year and which I am advised, although it is not totaled on this sheet, amounts to $97,183.23. Are you able to state whether you prepared the original of that paper, and that it is a copy of your figures or not?)

The Witness: I really do not know. I have never seen these papers of Touche, Niven, or never used them. I know we have copies, or are supposed to have copies, at the office, but I have never had occasion to call for them or use them or look at them.

As to whether the total of $97,183.23, as given by Mr. Aldrich in his question, and which he states appears on page 5 of Touche-Niven's report, represents Doublemint's proportion, as I make the computation of the total of

line 12 of Larson Exhibit 168 of $380,580.95, I will say, no; I have explained several times that we have not taken the ledger figures at all for war tax rebate cer-
(4428) tificates, in the filed account, but have taken each
6442 sheet, found out the number of boxes of Doublemint that had been sent out in exchange for war tax rebate certificates, multiplied that number of boxes by the manufacturing cost over each period where the gum was sent out, and added thereto the actual cost of freight or postage. Therefore, there is very little connection between the actual amount shown on the ledger and the amount that we have charged in the accounting presented to the master for war tax rebate certificates.

Page 892 of Touche, Niven & Co.'s working sheets apparently gives the cost of printing, of postage and freight, and also of the gum, and makes a total of $97,183.23, I will assume.

As to whether the $97,183.23 mentioned on page 5 of Touche-Niven's report was the figure we had in our ac-
6443 counting at the time Touche, Niven & Co. prepared this report on our own books, I will say, no; I can only repeat what I have stated before. The $97,000. and some odd dollars is the amount we showed in our detail of the amount chargeable to advertising in the original account. But on books I can only repeat what I said in my last answer, namely, that the connection between the two is remot, owing to the difference in the way we have treated the cost of the gum.

My last answer means that the $97,183.23 is the amount that we had charged in our original account as filed as against Doublemint on account of war tax rebate certificates, but it is not the amount that we carried on our books.

6444 The amount on our books is very much greater than that amount for the same amount of Doublemint gum.

(4429) In taking the total of line 12 on Larson Exhibit 168, produced this morning, I have not included the same elements as are shown on page 892 of Touche-Niven's working sheets. That is our ledger account. In other words, Larson 168 purports to show and does show the amounts taken from our ledger account. Our ledger accounts with regard to line No. 12, revenue rebate gum certificate, would show that the computation for that charge on the ledger is made on the basis of the arbi-

trary figure for the cost of the gum. We have deducted that account in getting out the amount for Doublemint, in the filed account. If the same logic and rule were used to arrive at that figure of three hundred eighty thousand odd, as was used to arrive at the $97,000 odd, it would give a different figure than $380,000, but Touche, Niven & Co. have taken our ledger accounts and the gross totals without any effort to dissect what is back of these
6445 total accounts shown in the monthly record books, and to reconcile their statement with our books we have drawn up Larson Exhibit 168.

In our account as filed we did not seek to charge the Larson Company on account of Doublemint more than $97,183.23. We have not altered that amount. Doublemint, as I claim, is to be charged with the amount of $97,183.23 on account of war tax rebate certificates as stated in Touche, Niven & Co.'s, report.

(Mr. Aldrich then put the following question: And what is the difference about this arbitrary price that you have mentioned in your testimony as to the gum which is the basis of this total on this line 12 of Larson Ex-
(4430) hibit 168 as compared with the factory cost used, as I understand, in arriving at the figure, $97,183.23?)

The Witness: In any given month we might issue dispatch gum on war tax rebate certificates. It is impossible to know until after the close of the month what the exact manufacturing costs of gum have been, but we cannot wait until the end of the month to make an entry on our books. They are made by day. Therefore we fix an arbitrary sum which we allow the factory in their cost
6446 sheets for such gum as is sent out during the month when we don't know the cost of manufacture of gum. At the end of the month we do not attempt to rectify that, nor we do until the end of the year. Therefore any gum sent out on donations or on war tax rebate certificates or for any other purpose where we don't receive money, the arbitrary figure appears as the cost per box, it is not the actual manufacturing cost per box which we regulate at the end of the year before we make up our balance sheet. In other words, each account where there is gum given away, donations or given in exchange for war tax rebate certificates, may be temporarily inflated. We may have taken a figure lower than manufacturing costs, in which case it would be short so many dollars in the dif-

ference between what we have taken and what the actual manufacturing cost was.

I have described the way we have kept our books and how I arrived at the amount. In preparing the account
6447 filed with the master we took from the dispatch sheets or charge sheets or pro forma invoices the exact number of boxes of Doublemint gum that were sent in exchange for war tax rebate certificates. We then multiplied that number of boxes by the exact manufacturing costs ar-
(4431) rived at in statements already put into the testimony, treating each period on the basis of cost for that period. A cursory examination of our account will show that we have treated every item in a similar manner. In other words, we have not taken our ledger figures for the dollars and cents, but we have taken our ledger figures for the number of boxes, and then multiplied that by the precise and exact amount of manufacturing cost.

As to why, in the computation of this sum, $97,183.23, we charged Doublemint with one-half of the cost of printing, I will say I cannot say from memory just how the printing item was charged.

Looking at Touche, Niven & Co. page 892, which gives the items of the $97,183.23, and which Mr. Aldrich states shows that the printing is charged on the basis of fifty-fifty between Doublemint and Spearmint, I will say that sheet is not a copy of my working sheet. Of that I am
6448 dead sure. The details are probably taken from my working sheet, but I never made a working sheet up like this, and as to an explanation of whether that is the half of the total cost of printing certificates or not, I do not know from memory. I would not even attempt after eight years to find out from my memory. I could from the books.

(Mr. Aldrich then requested the witness to find out from the Wrigley books what was the cost of printing the war tax rebate certificates themselves.)

(4432) Friday, February 2, 1923.
6449 2:30 o'clock, P. M.

I found that the printing of the certificates is divided half and half. It was divided that way because a certificate was good either for a box of Spearmint or a box of Doublemint and at the time they were put out there

was no other basis than fifty-fifty that could be apportioned.

It is my judgment that they should be split fifty-fifty, and that is the way that we did. A copy of the war tax rebate certificate is already in evidence and I believe it reads:

"Sixteen or any multiple of sixteen, thirty-two, forty-eight, sixty-four, and so forth, mail them to us and we will send prepaid one box of Wrigley's Spearmint or Wrigley's Doublemint chewing gum in exchange for each sixteen rebate certificates returned."

The circular apprising the trade, which is also a charge to that account, contains similar words. Those words are:

"Sixteen of these rebate certificates will be exchanged by us for one full twenty-package box of Wrigley's Spearmint or Wrigley's Doublemint chewing gum, same being sent direct to dealer, charges prepaid."

As to whether of this bill of $97,183.23, $72,572.78 represented value charged for Doublemint gum and the rest of it was postage, freight and printing of the certificates, I will say that I really don't know. I have made no dissection as to how much was charged to gum and how much
6451 was charged to printing and how much was charged to freight, postage or express. I have never made such a computation. I can find out from my work sheets. I did not make such a computation when I made the work sheets

As I state, page 893 of Touche papers No. 24 is not one copied off my working papers. It is gotten up in a
(4433) different shape altogether, but there are the same figures as I have shown on my working sheets.

Redirect Examination by Mr. Mayer.

Sheet 892 being one of the working sheets of Touche, Niven & Company, was never prepared by me or by my concern. I have here the working sheet that was prepared by me or under my supervision from which I can
6452 tell how much was included for printing these war tax rebate certificates which I have used in making up our filed account. The working sheet which I have just produced, and just submitted to Mr. Aldrich, shows the amount expended in the years 1914, 1915, 1916 and 1917, for printing the war tax rebate certificates.

The amounts that are shown on that working sheet, are 1914, $2,067.88; 1915, $6,202.52; 1916, $476.16; and 1917, $25.50. Work sheet No. 892 of the papers No. 24 of
6453 Touche, Niven & Company shows not only the total cost of the printing of the certificates, but that proportion which has also been allocated in the accounting we submitted to the master to Doublemint year by year. The working sheet shows the same amounts paid out for printing those certificates during the respective periods as my working sheet. The total amount paid out for printing those war tax rebate certificates was $8,772.06. That total would also be the gross total of the same items on the Touche, Niven & Company working sheet 892. In the report that we filed with the master of that $8,772.06 there was charged to Doublemint for printing those war tax rebate certificates, $4,386.03.

(The witness then produced a sample of a war tax rebate certificate which was offered in evidence by Mr.
(4434) Mayer. It was received in evidence, marked Wrigley
6454 Exhibit 65, Stanley 33.)

Said Exhibit is as follows:

Wrigley Exhibit 65; Stanley 33.

WRIGLEY'S WAR TAX REBATE CERTIFICATE

No. 206301 D-1

We will refund the 4c per box war tax paid by our retail customers as follows:

One of these Rebate Certificates will be placed in each box of our chewing gum while war tax is on. When you have 16—or any multiple of 16–32, 48, 64, etc. mail them to us and we will send PREPAID, one box of Wrigley's SPEARMINT or Wrigley's DOUBLEMINT chewing gum in exchange for each 16 Rebate Certificates returned.

WM. WRIGLEY JR. CO.,
No. 5 N. Wabash Avenue
CHICAGO, ILL.

You pay 4c War Tax on each box—when you have bought 16 boxes we send you a 64c box of gum prepaid, which you retail for $1.00

NOT GOOD AFTER FEB. 1st, 1917.

(4435) Those circulars to which I have referred that were
6456 sent out to our trade in connection with their use of

these war tax rebate certificates were not put into every box of gum that we sold while we were using them. They were put in the Doublemint and Spearmint boxes. Our offer to give one box of gum for the return of sixteen war tax rebate certificates was limited to our giving a box of either Wrigley's Spearmint or Wrigley's Doublemint chewing gum at the option of the customer. The circulars and the war tax rebate certificates so expressly specified. In speaking of this cost of printing war tax rebate certificates I am referring to the printing of the certificates of the type just offered in evidence.

As to whether that printing involves also the printing of the circulars that we sent out to the trade telling them they could have a box of Spearmint or a box of Doublemint gum on the return of sixteen rebate certificates I will say that I believe it does although I am not positive
6457 on that point and furthermore a search is being made now to bring the invoices together which make these gross amounts.

Sheet 892 of Touche, Niven & Company states that in 1916 the total cost of printing these war tax rebate certificates was $476.16. That is the amount which I have already testified is shown on our working sheet to have been spent for that purpose in that year. There is a notation on Touche, Niven & Company's working sheet to the effect that those figures, namely, $476.16 used by me and shown on our working sheet is less than the amount that was actually paid out by our concern for
(4436) printing those certificates in 1916. That working sheet 892 shows the extent to which Touche, Niven & Company found $476.16 to be too little. According to Touche, Niven & Company's working sheet 892 they found the amount which we paid out for 1916 for printing these certificates to be $1,779.85. If we took one-half of that amount and charged it to Doublemint, it
6458 would be $889.92. In other words, they found that we charged Doublemint for printing those certificates in 1916 too little by $651.84. I don't think that they reported that to the master in any way or in their filed report, Touche, Niven & Company's report, Larson 132. I could not state positively but my impression is that they did not because our contention is that they have left out the item in its enirety except in reporting our summary figures on page 5 and that is a repetition of

the figures we gave. I would not be positive about the matter.

6460 Referring to Larson Exhibit 168, we carried four classifications on our general ledger during the accounting period with respect to advertising matters. Those accounts were an account called advertising, another called advertising matter, another called detail men, and another account called revenue rebate gum certificates. Our general ledgers carried accounts as indicated by lines 10, 11 and 12 on Larson 168 and an account called advertising which would embrace the items in the first nine lines of that exhibit. Our company kept advertising distribution books during the accounting period. They were available to and inspected by Touche, Niven & Company's men. Those advertising distribution books show the classification of advertising during the accounting period as indicated on the first twelve lines of Larson 162. There were certain totals shown on our general (4437) ledger in connection with advertising items during 6461 the accounting period.

The total in line 13 of column 7 of Larson Exhibit 168, namely, $7,480,174.63 did not appear on our company's general ledger. The items appear thereon which totaled that amount.

Referring to Exhibit O on the Touche, Niven & Company filed account, Larson Exhibit 132, that shows under the column headed "Total Advertising Expenses," for the accounting period a total of $6,363,082.11. That same amount is shown in Exhibit C to that Touche, Niven & Company report as being the amount spent by the Wrigley Company for advertising during the accounting period.

On page 5 of the Touche, Niven & Company report, 6462 Larson Exhibit 132, they say:

"The total amount expended by Wm. Wrigley Company for advertising all brands of gum, including Doublemint, during this period under review was $6,363,082.11."

(Mr. Mayer then asked the witness whether in giving those figures, namely, $6,363,082.11, Touche, Niven & Company included anything for moneys paid out by the Wm. Wrigley Jr. Company during the accounting period for war tax rebate certificates. Mr. Aldrich objected on the ground that the witness had answered the identical

question and said that the only difference between Touche-Niven's figures and his figures as produced on Larson Exhibit 168 was that they had not included the war rebate figure in each period. Mr. Mayer said that Mr. Aldrich's statement that it had been answered was satisfactory.)

(4438) In the account which we filed before the master originally we charged Doublemint with $97,183.23 as its proportion of the amount paid out for war tax rebate certificates during the accounting period.

(Mr. Mayer then asked the witness whether the fact that Wm. Wrigley Jr. Company paid out moneys for war tax rebate certificates and charged Doublemint with
6463 $97,183.23 in their field account was known to Touche, Niven & Company when they filed Larson Exhibit 132; to which the witness answered, yes, that is very apparent. Mr. Aldrich objected and stated that it was shown on page 5 of their report as the claimed expenses for advertising. Mr. Mayer said that Mr. Aldrich's statement was sufficient on that subject.)

We took certain deductions made in lines 14, 15, 16, 17 and 18 of Larson Exhibit 168 from the report or working sheets of the Touche, Niven & Company report to avoid any controversy as to any differences there might be in those figures between theirs and ours.

In using those figures showing deductions in lines 14 to 18 inclusive in Larson Exhibit 168, we went on the assumption that the Touche, Niven & Company figures were correct.

6464 Referring to these deductions 14 to 18 inclusive, some of those items are in the report but the others we discovered in the working papers.

Our working sheets, that is, the working sheets of the Wm. Wrigley Jr. Company do not agree in every identical particular with the figures used by Touche, Niven & Company, but the principle of the deduction of these
(4439) items from the items given on lines 1 to 12 is that the items on lines 14 to 18 are included in the ledger as advertising or advertising matter or detail men or revenue rebate gum certificates, but have been bodily taken
6465 out of those accounts and thrown into other captions such as overhead or trade discounts so as to bring items of the category all together under one heading, however they appear on the ledger.

In other words, in preparing our account for the master we segregated items so as to put them under such headings as we thought were proper and they were headings which we have reported to the master in the filed account.

In the account which we originally filed with the master we included the expense of detail men as part of the advertising.

In my examination by Mr. Aldrich I referred to some subsidiary records that showed a posting account which was made up for our and Mr. Wrigley's benefit. I said
6466 it was a monthly subsidiary record. Those records were open to the inspection of Touche, Niven & Company's representatives. Their figures are based on those records. I don't know whether they used those records or not. I know they sent for them and they were delivered to them. Mr. Eckerly and I and the other of our representatives turned over to the Touche, Niven & Company representatives at all times all documents. They were asked daily by Mr. Eckerly whether there was anything else they wanted. As a matter of fact, we were willing at all times and did produce everything they asked for.

At the time Touche, Niven & Company examined our books and records there was available to them in our files books, records and documents sufficient to enable them to have verified our accounts as filed by us if they
(4440) had taken the time to do so.

6467 While Mr. Aldrich was asking me a few days ago as to the method by which I measured the name "Wrigley's" standing alone, I laid down a formula, and then I said that there might have been one exception, that there might have been an advertisment in a confectioners' magazine that I did not measure according to the formula which I gave. That advertisement that I had reference to was Larson Exhibit 49 on page 1136, Volume III of the record, which is a half page advertise-
6468 ment which appeared in the Confectioners' Review.

I will tell the master as to how I measured the word "Wrigley's" at the time of that advertisement. We took the space a little above the white outline of the word "Wrigley's" and the space a little below the lower white edge of the letters forming Wrigley's and measured the space across to the border edge of the space we were paying for and did pay for as outlined by the ruled

edge of the advertisement. I will letter the lines confining the paid advertisement appearing as Larson Exhibit 49. I have now designated those lines as A, B, C, D, and A-C and B-D. I have ruled them up. The line above, E-F, and the line below, G-H, show the space we have calculated as occupied by the word "Wrigley's" on the top of the advertisement. That was a fifty-fifty advertisement.

6469 W. W. VINCENT, called as a witness on behalf of the Wm. Wrigley Jr. Company, having been theretofore sworn, testified as follows, on direct examination by Mr. Mayer:

I have already been a witness in this case.

(Mr. Mayer put the following question to the wit-
(4441) ness:

"I will ask you to take Touche, Niven & Company's report, Larson Exhibit 132, which you said you were instrumental in preparing, and I will ask you to point out any place therein, either in the body or in any exhibit, in which you referred to or show how much was paid out by the Wrigley Company during 1916 for printing war tax rebate certificates or these revenue rebate gum certificates.)

The report does not show it. I think there is nothing in the report that shows any of those figures or refers to any of those figures.

I have before me page 892 of our company's working sheets which I have already identified. That purports
6470 to show the war tax rebate certificates. It purports to show how much was paid out for printing certificates in 1914, 1915, 1916, 1917. I think there was none paid out in 1918.

As to how much that working sheet shows was paid out as the total cost of printing certificates for 1916 there is a figure there of $476.16, against the words "Total cost of printing certificates" against which there is a mark referring to a foot note. That foot note reads: "This is the figure used by the company. Our figure is $2,044.91 less 1915 items, $265.06, or $1,779.85. One-half would be $889.92." The word "company" in that foot note refers to Wm. Wrigley Jr. Company. The
6471 word "our" in that foot note refers to Touche, Niven

& Company. In preparing our figures and doing our work we did not take the total cost of printing certificates for 1916 at $476.16. That is Mr. Stanley's figure as I understand it.

(4443) As to what figures we used in preparing our reports and accounts which our company filed with the master as representing the total cost of printing these rebate certificates for the year 1916, if the amount of money paid out for printing certificates in 1916 as stated in this foot note was $2,044.91, that was the figure we used. I cannot tell what figure we actually used. It would have
6472 to be connected up with the summaries. In order to state what figure we used in making the computation which we report in our report to the master, I would have to examine our working sheets. As to whether we have any other working sheets besides 892 pertaining to the subject of war tax rebate certificates, I don't know that there are any more, but we have quite a volume of working sheets for each period, each accounting period. We were not requested or paid to make a complete copy of all our working sheets, for the Wm. Wrigley Jr. Company. I understand that we were asked to copy and were actually paid for copying the papers that you indicated that you wanted copies of. That was not all of our working sheets. As to whether it covered all of our
6473 working sheets pertaining to the war tax certificates I cannot answer that. I don't know whether it did or not.

(Mr. Mayer then offered in evidence sheet 892, headed "War Tax rebate certificates." It was received in evidence, marked Wrigley Exhibit 68.)

(4442) Said exhibit shows by years, beginning with 1914 and up to October 4, 1918 the number of boxes of gum used, the cost per box, the postage, and the total cost of printing certificates, and said Exhibit contains the following entry: "1916 Total Cost of Printing Certificates $476.16*

6474 With reference to Mr. Mayer's request that at the next meeting I produce all of the working sheets which will enable me to answer the question, namely, what figures did we actually use as representing the total cost of printing these revenue rebate gum certificates of war

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*This is the figure used by the Co. Our figure is 204491 less 1915 items $265.06 or 177985. One-half would be 889.92"

tax rebate certificates for the year 1916 in making up the reports which we filed before the master, I will say
(4444) that Mr. Stanley's contention is that we have not used any of those figures. Now I have got to investigate my working sheets to determine whether he is correct or not. If we did not use any figures, we would not have the printing nor the gum nor the postage.

Tuesday, February 13, 1923.
6477 10:30 o'clock, A. M.

I have produced the working sheets which Mr. Mayer requested me to produce at the last hearing. They are contained in this bundle (indicating). I can point them
6478 out to you if you want me to. I have the case numbers of this sheet (indicating separate sheet) which refer to the pages in this bundle of papers.

As to whether I can now state what the actual amount was which we used in preparing our filed report as representing the total cost of printing those revenue tax gum certificates for the year 1916, I will say the cost of printing the war tax rebate certificates is contained in the account designated "Advertising Matter," and the items in the advertising matter relating to the printing of these certificates, as I have it, amounts to $2,044.91, which is the figure that Hagberg mentioned in his notation on page 892. On page 418 of Touche, Niven & Company's working sheets will be found the following three items: "75.09, $95.00 and $94.97. These three items are designated on the sheet as "War Tax Rebate Certificates." They were paid out for war tax rebate certificates. That
6479 sheet shows they were paid out in 1916, in January. This sheet No. 418 does not purport to show all of the advertising matter for the month of January. That sheet does not show what proportion Doublemint was to
(4445) stand of those three items shown thereon which I have just read. There is a heading on that sheet reading "Doublemint" and underneath that word there is a column reading "100%" and in the next column which is also under the heading "Doublemint, "50%," and another one showing 33-1/3%, but there is nothing entered in any one of those three columns opposite the three items which I have mentioned, so that referring only to that working sheet page 418 it shows that we found on the books of the Wm. Wrigley Jr. Company that there

was paid out for war tax rebate certificates the three figures that I have just read, namely, $75.09, $95.00 and
6480 $94.97, paid out in January, 1916. There is nothing on that sheet 418 to indicate that the three figures just read were for printing of the war tax rebate certificates. As to what is the next working sheet that I have produced which contains any reference to what I say shows the amounts paid out by the Wrigley Company for printing war tax rebate certificates in 1916, I will say that on sheet No. 419 of Touche, Niven & Company's working sheet will be found an item of $114.00 which was included in the same month, namely, January, 1916.

There is nothing on that working sheet 419 to indicate that the $114.00 was paid out for printing war tax rebate certificates. There is no allocation of that sum of $114.00 indicated on working sheet 419.

The next working sheet that contains any reference to this subject is page 423 of Touche, Niven & Company's working sheet which contains two items, namely, $57.00 and $190.00. There is nothing on that sheet to indicate
6481 that those sums were for printing war tax rebate certificates, or how those sums should be allocated.

(4446) I have pointed out to Mr. Mayer that the working sheet 419 shows a payment of $114.00 for war tax rebate certificates on the 25th of January, 1916. I observe that there is a red pencil check mark and also the Roman numeral in red pencil "XIII" adjacent or next to the item. I don't know what the red check means, but the Roman letter XIII refers to Schedule XIII contained in the same package of papers which you hold, that is a
6482 schedule part of the Touche, Niven & Company's working sheets. I will turn to the schedule which is 489, which is headed, "Wm. Wrigley Jr. Co. War Tax Rebate Certificate 1916. That schedule XIII purports to show the amount of war tax rebate certificates as prepared by Mr. Stanley for the year 1916. It purports to show the amount paid out for printing those war tax rebate certificates for the year 1916. It purports to show to have been paid out in that year for that purpose as follows: In the body of the working sheet itself, namely, page 489, is shown a total of $476.16 of which Doublemint was charged $238.08. Attached to the sheet is an adding machine list which shows items aggregating $2,044.91.

The memorandum in pencil on working sheet 489 reads

as follows: "Note on company's Wkg papers introduced November 23, 1914, discontinued packing June 22, 1916.
6483 That notation is in Mr. Hagberg's handwriting, and as it appears on a working sheet relating to the war tax rebate certificates, it evidently has some reference to the beginning and ending of the period during which these certificates were issued. I am giving my own interpretation. As I said, it is Hagberg's memorandum and I don't know.

Sheet No. 423 is the next working sheet that has any reference to this matter, and contains two items, namely $57.00 and $190.00. There are red pencil notations oppo-
(4447) site those items, referring to Schedule XIII.

The next working sheet referring to this subject is No. 426. That contains an item of $18.85 being the last item on the sheet. It also contains a reference to Sched-
6484 ule 13 by means of a red lead pencil notation. That sheet 426 shows that that $18.85 was paid out in March, 1916. It does not show any allocation of that item.

The next working sheet that contains any reference to this subject matter is 427 and contains an item of $96.00 paid out in March, 1916. That also contains red pencil notations referring to Schedule XIII.

The next working sheet that touches this subject matter is 430, which contains an item of $624.00 paid out in April,
6485 1916. The heading on all of these working sheets to which I have referred is "Advertising Matter," and they are contained in the books of Wm. Wrigley Jr. Company under that account.

Item of $624.00 is not allocated on that working sheet 430. There is a pencil reference opposite it to working schedule 13.

The next working sheet that contains any reference to this matter is No. 437 which contains four items: $440.00, $48.00, $72.00 and $120.00. Those four items also have red pencil notations referring to Schedule XIII. These various red pencil notations referring to Schedule 13, which I have pointed out, were put on these working
6486 sheets at the time they were originally made out. Working sheet 437 shows that the four items that I have read therefrom were paid during the month of June, 1916. That page contains no allocation of those charges.
(4448) These working sheets that I have specifically referred to, numbered 418, 419, 423, 426, 427, 430 and 437 show that

the Wrigley Company's books contain items aggregating $2,044.91 for printing war tax rebate certificates in 1916. Touche, Niven & Company filed a report before the master which has been marked Larson Exhibit 132. I am familiar with its contents and the way in which it was prepared. Speaking generally, that document was intended to be a report for the master of what Touche, Niven & Company found and of what they regarded as the correct figures representing the subject matters referred to in the report. Moneys paid out for printing war tax rebate certificates would be an item of expense
6487 that should be deducted in this accounting.

At least $2,044.91 was taken by us in preparing the filed report Larson Exhibit 132, as representing the amount paid out by the Wrigley Company in 1916 for printing war tax rebate certificates. Whether there are any more such items contained in the advertising matter I don't know, but this $2,044.91 is the aggregate which Mr. Hagberg located. As to how much Mr. Hagberg allowed Wm. Wrigley Jr. Company for printing war tax rebate certificates in 1916 in the account filed by Touche, Niven & Company as Larson Exhibit 132, I would say that he allowed a sales proportion of whatever amount was expended in 1916 for printing these certificates.

At to the request that I point out where Mr. Hagberg made any allowance on that basis, using or including the $2,044.91 which I have pointed out, in the account which
6488 Touche, Niven & Company filed with the master I will say, the sheets to which I have referred, being the
(4449) monthly expenditures of advertising matter, and which contain the cost of printing war rebate certificates, are summarized on page 417 of Touche, Niven & Company's working sheets. The total of these sheets, according to page 417, is $135,961.79. To this amount should be added three items contained on page 364 which Mr. Stanley grouped under the caption of "Newspapers and Magazines," which together make $136,597.89, as being the total of the advertising matter for the year 1916. This amount added to the advertising account and the detail men less certain credits which are shown on Mr. Stanley's exhibit leaves a balance of $1,452,828.77 as being the advertising account for 1916. This amount of $1,452,828.77 will be found in Exhibit C of the filed report, being in the column headed "Year 1916" against

the item "Amount of advertising including detail men, advertising matter, etc. per books.

As to whether I unqualifiedly state to the master that in the figures which I have filed with the master we have deducted each one of those items aggregating $2,044.91, I make the statement that the items aggregating $2,-044.91 are contained in the total advertising for 1916, and of which we have allowed a proportion based on the ratio of Doublemint sales to all sales.

6489 As to whether in Larson Exhibit 132 we gave Doublemint credit proportioned on a sales basis for those items aggregating $2,044.91 I would say, no, we gave them a debit, but did not give them a credit. Without using the expressions "debit" or "credit," I will say that we did in our filed account allow the Wrigley Company to deduct a proportion based on sales of all of the items aggregating $2,044.91. The working sheets covering the advertising for 1916 which counsel has before him, commencing with page 354 will substantiate my last answer.

(4450) I will state the number of each page an examination of which will confirm my answer that we allowed the Wrigley Company a proportion based on sales of the

6490 items that I have been asked about and which aggregate $2,044.91.

The items aggregating $2,044.91, as I heretofore testified, will be found on page 418, 419, 423, 426, 427, 430 and 437 of the Touche, Niven & Company's working sheets. The monthly expenditures for advertising matter are recapitulated on sheet No. 417 which shows a total of $135,961.79. To this amount of $135,961.79 should be added three items, namely, $311.20, $1.20 and $323.70, which three items will be found on page 364 of Touche, Niven & Company's working sheets, making a total of advertising matter for 1916 of $136,597.89. This amount will be found carried to page 25 of a ledger which we used and which has been marked "Touche Working Paper No. 1 taken from For Identification Touche Exhibit 15 1/30/21 E. A. E." Now, by adding to this figure the advertising account amounting to $1,407,238.70 and detail men amounting to $131,591.03 and deducting two items aggregating $222,598.85 leaves a net charge for advertising for the year 1916 of $1,452,828.77 which is the figure contained in Exhibit C of Touche, Niven & Company's filed report.

I will read into the record those monthly totals which
6491 I say were shown on working sheet 417 and in which I say $2,044.91 is included.

Those monthly totals were:

(4451)

January, 1916	$16,929.72;	
February,	13,702.30;	
March,	13,197.17;	
April,	18,023.75;	
May,	13,200.11;	
June,	14,001.17;	
July,	11,999,19;	
August,	16,245.93;	
September,	14,382.99;	
October,	16,448.74;	
November,	19,921.84;	
December, credit		$32,091.12.
Total	$135,961.19.	

The working sheet that shows that the January, 1916, total of advertising matter was $16,929.72 is page 422.

I will point out how the item $75.09 which appears on working sheet 418 got into the amount which is subtracted for expense for printing war tax rebate certificates in the account of our concern filed with the master.

The item of $75.09 contained on page 418, taken together with pages 419, 420, 421 and 422 of Touche, Niven & Company's working sheets, represents the total expenditures for advertising matter for the month of January, 1916, shown on page 422. This total, namely, $16,929.72 is carried to page 717 of the Touche, Niven & Company's working sheets, which, together with the remaining months of the year, aggregate the amount of
6492 $135,961.79 as shown on page 417 and which I have heretofore traced.

My answer is the same with respect to the items of $95.00 and $94.97 appearing on working sheet, page 418. Also with reference to any of the other items except as to page numbers and months of the year. That is the
(4452) items that go to make up the total of $2,044.91.

Cross-Examination by Mr. Aldrich.

Wrigley Exhibit 68 is in Mr. Hagberg's handwriting. Broadly stated, it shows the amount which Mr. Stanley charged against Doublemint for war tax rebate certificates for the period from 1914 to 1918 inclusive. It included the year 1916 as to which I have been particularly interrogated this morning.

The result of my testimony is that I say that notwithstanding the mistake in Mr. Stanley's figures against the Wrigley Company shown by exhibit to which my attention has just been directed and by the lead pencil notation on the original and also on the photographic copy, the true figures as indicated by Mr. Hagberg were used in our report.

Redirect Examination by Mr. Mayer.

Working sheet 892, photographed on page 6473 of the record, is all in Mr. Hagberg's handwriting so far as I know. The so-called foot note appearing near the middle thereof in lead pencil is also in his handwriting. Mr. Hagberg is now out of the city. He is still in the employ of Touche, Niven & Company. We expect him back the
6494 middle of this week, either Wednesday or Thursday.

(4453) February 13, 1923, 2:00 o'clock P.M.

6495 PHILIP L. BECKER, a witness produced on behalf of the Wm. Wrigley Jr. Company, being first duly sworn, testified on direct examination by Mr. Lane:

My name is Philip L. Becker. I live in Flushing, New Jersey. I am at present factory manager for the American Chicle Company, Long Island City, New York. That plant is the largest plant of the American Chicle Company.
6496 The American Chicle Company is engaged in the manufacture of chewing gum. It manufactures 25 brands of gum, or upwards. Some of these brands are Adams' Pepsin, Beeman's Pepsin, Black Jack, Yucatan, California Fruit, Dentyne, Blood Berry, Adams Cinnamon, Adam's Clove, Adam's Sapota, Spruce Gum and O. K.

The two largest chewing gum companies in the country at the present time are the American Chicle Company

and the Wm. Wrigley Jr. Company. That has been true for quite a number of years.

In 1914 to 1918 the sales of the American Chicle Company ranged from five to ten million dollars approxi-
6497 mately per year. The minimum was $5,000,000 approximately and the maximum was $10,000,000 in that period.

I started to work for the American Chicle Company in November, 1916. My first position with that Company was factory manager for the Long Island City factory. I have been in that position continuously since.

In 1907 I entered the employ of the Colgan Gum Company of Louisville, Kentucky. I was with them until their business was taken over in 1911 by the Auto Sales Gum and Chocolate Company. I was with them in Louisville and in the same capacity as factory manager. That business was taken over in 1914 by the Sterling
(4454) Gum Company, and I was with them as factory manager in Louisville and in Long Island City, and I was also Secretary of the Company.

The Colgan Gum Company, the Auto Sales and Chocolate Company and the Sterling Gum Company are all
6498 manufacturers of chewing gum. The Colgan Gum Company made Colgan's Taffy Tolu, Violet Chips, Mint Chips. The Auto Sales Gum and Chocolate Company took over a number of brands, including those made by the Colgan Gum Company, and in addition the brands of Dentyne, Blood Berry, Ripe Fruit, Sweet Wheat; there were some others. I do not recall the names just now.

I know the companies known as the Blood Berry Gum Company, the Bonton Company of New York, the Colgan Gum Company of Kentucky, the Newton Gum Company of California, the Ripe Fruit Gum Company of Chicago, and the Royal Remedy and Extract Company. Those are all companies that were consolidated into the Auto Sales Gum and Chocolate Company.

The Auto Sales Gum and Chocolate Company that I refer to was the Company that I was connected with. The portion of the Auto Sales Gum and Chocolate Company business which consisted of the manufacture of chewing gum was taken over in 1914 by the Sterling Gum Company.

6499 The Frank H. Fleer Company of Philadelphia, the same name of Toronto, T. B. Dunn Company of Rochester, Grove Company of Salem, Curtis & Son Com-

pany of Portland, Maine, and the Sen-sen Company of London, England, were taken over by the Sen-Sen Chiclet Company some time about 18—no, 19—, I don't know the exact year. All of these various companies which were consolidated into the Auto Sales Gum and Chocolate Company and the Sen-Sen Chiclet Company, respectively, were engaged in the manufacture of chewing gum and the consolidation of the Sen-Sen Chiclet Com-
(4455) pany included one company which manufactured something besides chewing gum that was a similar material.

The W. J. White and Sons Company of Cleveland, Beeman's Chemical Company of Cleveland, Kiss Me Gum Company of Louisville, J. P. Primley of Chicago and Adams & Sons Company of Brooklyn were consolidated into the American Chicle Company.

6500 The Sen-Sen Chiclet Company was not a part of the American Chicle Company at the time of its original formation, but it later was taken over by the American Chicle Company in November, 1916. The American Chicle Company in 1916 was the same Company that took over the various other Companies.

The principal factory of the American Chicle Company after I became connected with it was at Long Island City. Its principal offices were in New York City.

These various companies which were merged into the American Chicle Company of 1916 manufactured a very large percentage of the chewing gum brands outside of those owned by the Wrigley Company.

My experience with these various companies with which I have been connected since 1907 has been such as to enable me to tell about the manufacture of gum and the expense and cost incident to the production of various brands of gum.

6501 I think the American Chicle Company and the Sterling Gum Company and the Auto Sales Gum and Chocolate Company secured the best available machinery for the manufacture of the gum it was producing while I was with them. It was part of my duty to see that they did.

From 1907 until the present time I have been connected
(4456) with the Colgan Gum Company, its successor, the Auto Sales and Chocolate Company, its successor, the Sterling Gum Company and its successor, the American Chicle Company.

My work since 1907 has entirely been in the gum manufacturing business and with the production end of that business.

6502 During the period covered by the accounting in this case, the American Chicle Company kept cost records enabling it to tell the cost of manufacturing gum, including the sheeting and scoring thereof. I have examined the labor costs of the Sterling Gum Company for the years 1915 and 1916 and the costs of the American Chicle Company for the periods 1917 and 1918.

6504 (Mr. Lane then asked the witness to describe the character of the machines used and the operation of these machines in connection with the rolling out and scoring of gum at the Sterling Gum Company while he was with the Company. Mr. Aldrich objected on the ground that the evidence was immaterial and irrelevant and that the cost to the Wrigley Company for the purposes of ac-
6505 counting had been agreed upon, and further that the practice of either the Zeno Company or the Wrigley Company prior to the accounting period was not relevant
(4457) or material, and Mr. Aldrich said that it is the mas-
6506 ter's duty to ascertain the total profits made by the Wrigley Company in specific terms and deduct the proportionate amount of overhead advertising and other proper expenses, and that this is an objection based on the specific terms of the decree and that the master has no authority or jurisdiction to make any deduction for alleged profits made through the use of superior machines. The objection was sustained.)

6507 I know the Wrigley Doublemint Gum which was manufactured during the accounting period as a brand on the market. I know the character and shape of the sticks
6508 of gum and the manner of wrapping that gum during that period.

(Mr. Lane then asked the witness how the manufacture of that Doublemint Gum and the wrapping thereof, so far as the completed product was concerned, compared with various of the other kinds of gum made by the Ster-
(4458) ling Gum Company and the American Chicle Company with which the witness had been connected. Mr. Aldrich objected. The objection was sustained.)

I am acquainted with the plant of the Frank H. Fleer Company of Philadelphia which was in operation pre-

6509 vious to 1917 at that place. I first looked it over in the fall of 1916 and closed it down in the early part of 1917.

(Mr. Lane then asked the witness to state what the character of rollers were at the plant of the Fleer Company in Philadelphia when he first saw it in 1916 and when he dismantled it in 1917. Mr. Aldrich objected. The objection was sustained.

(Mr. Lane then made the following offer of proof: "We offer to prove by this witness that the Fleer Company in Philadelphia was using during the years 1916 and 1917, and previous thereto, a machine for roughing out gum consisting of a series of rolls secured to a table
6510 over which a conveyor passed; that the gum was fed into the first of these roughing rolls in pieces or lumps of from 3 to 20 pounds in weight. That these lumps were passed through the first series of rolls and spread out on a conveyor of insufficient length to reach the next pair of rolls; when the conveyor advanced the gum thus roughed out to the next series of rolls for further thinning it out, the gum then passed through this second series of rolls and advanced partially toward another series of rolls, which was farther from the second rolls than the second rolls were from the first, to accommodate the spread.

That the gum thereafter passed through these rolls onto a depending plate and was then taken off by hand, being the same three to twenty pound lumps, but spread
(4459) out and placed on trays in piles of five or six by hand and allowed to remain there for a period of 24 hours; that thereafter these flattened pieces were placed in a finishing machine which further flattened out the gum material which had come from the first gang or battery of roughing rolls and carried there—through and to a scoring device, and then taken off and broken up and placed upon trays or other receptacles by hand and thereafter carried to wrapping machines for wrapping purposes; that the gang or battery roll machines for roughing the gum were made by the Clough & Witt Company of Cleveland, by Clad & Sons of Philadelphia, and by Thomas Mills & Brother, who bought out and operated Clad & Sons, and that such machines were used
6511 by the American Chicle Company during the years 1916 to 1918, inclusive, and subsequently in the manufacture of gum at the Long Island plant of that Company, and

the gang or battery rolls for roughing the gum above described were the best machines available to others than the Wrigley Company during the entire accounting period; and that the method of using these rolls above described was the general method used throughout this country by those desiring to use gang or battery rolls; that the labor cost of manufacturing gum in substantially the same shape as the Doublemint gum by the American Chicle Company at its Long Island City plant above referred, in the manufacturing room was $9.24 per thousand pounds in 1917 and $9.78 per thousand pounds in 1918; and that this witness will testify that he has the cost records kept at the time under his supervision showing the actual costs of manufacturing gum of this shape and character to substantiate these figures.

That these gang roll machines that were used at the Fleer Company's plant and at the American Chicle Company's plant were not adapted for handling continuous sheets of gum nor of handling gum in large lumps, that
(4460) the average lumps of gum run through these machines was from three to five pounds; that these machines had no hopper for feeding the gum to the conveyor or to the rolls, and that there was no mechanism
6512 for taking the gum from the last of the gang rollers or conveyor to the finishing or storing mechanism; this operation had to be done by hand, and before it could be put into the finishing rolls it had to stand for a period of approximately 24 hours, and that there was no mechanism used at either the American Chicle Company's plant or any other plant with which this witness was acquainted for automatically taking the gum from the storing mechanism to the trays; that this had to be done by hand in all of these plants.

We also offer to prove by this witness that while the gang rollers were used at the American Chicle Company's plant at Long Island and at the Fleer Company's plant and were made by the three companies above mentioned, whenever occasion required, by far the larger number of companies manufacturing gum throughout the United States used what is known as the single roll method of roughing out such gum and that this consisted of a platform on one side of a single pair of rolls, that the gum was pushed against these rolls and fed between

them by hand, roughed out by having the rolls spaced a considerable distance apart and the gum caused to be fed back onto the same platform from which it originally started, the rolls then adjusted so that they were less distance apart than when the first operation was performed, this adjustment being made by hand, and then the gum which had first been thinned out was pressed against the roll by hand and forced through the rollers
6513 a second time, and the operation was then repeated by adjusting the rollers from five to seven times or more
(4461) until the gum was roughed out to a satisfactory thinness by placing it on trays in piles where it stood for a period of approximately 24 hours and later put through the finishing rolls and scoring rolls in the same manner as above described in connection with the gang or battery rolls for roughing it in, and that the operation in this single roll operation had to be repeated for each three to five pound roll or loaf of gum in roughing it in, and that the labor cost of manufacturing gum where single rolls were used as above described at the Sterling plant, with which the witness was connected, as shown by the records of his Company, kept by it at the time, under his personal direction, were $10.197 per thousand pound for the year 1915; and that the labor cost of manufacturing gum as shown by the records similarly kept at the Sterling Gum Company's plant in the year 1916 were $8.40 per thousand pounds of gum manufactured.

We offer to prove by this witness these various subject matters separately by questions asked relative to each of the subjects on which the offer is made."

Mr. Mayer then added: "We would like to get the same benefit from that offer as if each sentence of it had
6514 been offered separately and questions put calculated to bring out as a reply each part of the offer."

Mr. Aldrich objected to the offer in its entirety as to each part thereof. The objection was sustained. The Master stated that the Wrigley Company should have the same benefit of his ruling as though the offer had been broken up into separate parts and each part objected to separately and the objection sustained to each part. Mr. Aldrich assented.

(4462) Mr. Lane then asked the witness to state how the labor costs of manufacturing, rolling out and scoring gum by the American Chicle Company and the Sterling Gum

Company compared with that of other companies aside from the Wm. Wrigley Jr. Company. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We
6515 offer to prove by this witness that this labor cost was lower than that of any other company aside from the Wm. Wrigley Jr. Company in doing such work at that period from his general information concerning this character of work." Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following additional offer of proof: "We also offer to prove that the battery or gang roll machines were the best machinery that the American Chicle Company was able to purchase on the market or knew of at the time it used these machines in 1916, 1917, 1918 and subsequent thereto." Mr. Aldrich objected. The objection was sustained.)

I am familiar with the business of W. J. White & Son of Cleveland and later known as the Cleveland Plant of the American Chicle Company during the years 1916 to 1920, both inclusive. I am familiar with the type of machine that they used for roughing out and sheeting their gum.

6516 For 1916 and 1917, I was familiar with their processes and machinery through conversations with their factory manager, Mr. Sneedem. In the year 1918 and from then until the plant was closed in 1920 I was familiar with the processes and machinery of my own knowledge.

(4463) The Cleveland Plant of the American Chicle Company ranked third in size among the plants of the American Chicle Company at that time and prior to the time it was closed up.

(Mr. Lane asked the witness whether the Cleveland plant of the American Chicle Company operated the gang or battery type of rolls for roughing out the gum similar to those that Mr. Lane had already described or any other gang or battery type of rolls during that period of time. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to prove by this witness that neither W. J. White & Son nor the Cleveland plant of the American Chicle Company used any gang or battery type of rolls for rolling out gum during the years 1916, 1917, 1918, 1919 or 1920

on which latter date it was closed down, and that it used exclusively during those years for the roughing out of
6517 the rolling out of its gum the single type of rolling out machines known as the Clough & Witt type, which has already been described in the offers of proof heretofore made as distinguished from the gang or battery type, and that in the use of these single roll type machines they handled small lumps or loaves of gum weighing from three to five pounds per unit, and that the operation above described in our previous offers to prove in connection with the use of these single roll machines was used at that time with substantially the same result as to cost of production as referred to in connection with the use of similar machines at the Sterling Gum Company's plant in Kentucky; that neither White nor the Cleveland plant of the American Chicle Company during the period mentioned, 1916 to 1920, both inclusive, ever used any
(4464) conveyors or belts between rolls for conveying gum between rollers which were to thin out the gum to the proper thickness.

That this witness will testify that by roughing out is meant taking the gum from the bulk shape of loaves weighing from three to five pounds and carrying it through a pair of rollers by repeated operations and by varying the distances between the rolls to such a thickness and dimension as it can be later placed in a finishing and scoring machine; that none of these machines, either the single roll machine, finishing machine or the gang battery roll machines had any mechanism for finish-
6518 ing the edge of the sheet so as to get perfect sticks of gum throughout the entire width or length of the gum material passed out by these rolls; that in order to roll out a batch of gum weighing 500 pounds with the single roll mechanism used at the Sterling plant, which was the best known method aside from the gang or battery rolls referred to throughout these offers to prove, in doing it in the way it was commonly done, namely, in handling batches weighing from three to twenty pounds, it took in excess of 700 adjustments of the rollers to handle these 500 pound batches of gum and roll it out to the proper thinness for ordinary use."

Mr. Aldrich objected to the whole of the offer and each part thereof. The Master stated it was understood that each offer should be regarded as having been made sen-

tence by sentence separately and objected to separately and each such objection sustained.

Mr. Lane then called the witnesses's attention to a Clough & Witt Catalogue, particularly to pages 16 and 18 thereof, and asked the witness to state whether or not the structure there shown was what is known as the
(4465) single roll roughing machine which was used at the
6519 plant of the Sterling Gum Company while the witness was connected with that Company. Mr. Aldrich obpected. The objection was sustained.

Mr. Lane then made the following offer of proof: We offer to prove by this witness that the pictures on page 16 and 18 of the catalogue marked "Chewing Gum Machinery", "The Clough & Witt Machine Company", correctly show the machines used by the Sterling Gum Company and other companies generally throughout the United States in the roughing and rolling out of gum to a point preliminary to being put through finishing rolls, during the entire accounting period, both prior and subsequent thereto, and I offer in that connection the catalogue, and request that it be marked in connection with this offer as "Wrigley Exhibit 69, Becker 1."

Mr. Aldrich objected. The objection was sustained, with the exception that the Master stated the catalogue might be marked for identification with the usual statement that it was offered and not admitted. Said catalogue so offered but not received in evidence was marked "Wrigley Exhibit 69, Becker 1, offered, not admitted."

6520-22 Wrigley Exhibit 69, Becker 1.

(4466) (Mr. Lane then called the witness's attention to two photographs, and asked him to state whether or not those correctly showed in a general way, the form of gang or battery roll roughing or sheeting machines which the witness had dismantled at the Fleer & Company plant in Philadelphia in 1917 and which were used generally by the American Chicle Company at the Long Island City plant, of which the witness was manager, continuously since 1916. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to prove by this witness that the photograph and cut from the Clad & Sons catalogue correctly show, in a general way, the character of machine used at Fleer & Company's plant in Philadelphia, and which plant was dis-

mantled by this witness in 1917, and that this general form of structure was used by the American Chicle Company during 1916 and subsequent thereto, and that the photograph is a correct picture of one of the machines actually used at the American Chicle Company's plant at Long Island, New York, and that this is the machine which operated on the small ball or loaf of gum weighing from three to twenty pounds, and that this machine did not operate on a continuous sheet of gum, was incapable of so doing, that it was impossible to use such structure on batches of gum weighing substantially in excess of from three to five pounds and that there was no hopper
6524 used with this character of machine or any machine used by the American Chicle Company during the accounting period for feeding the gum to the conveyor or the rollers, and that there was no way of carrying the gum from this rolling machine to the finishing and scoring machine, and that in practice this gum was taken from the delivery end of the machine by hand and put upon trays where it
(4467) remained for 24 hours and thereafter was taken by hand, placed in the finishing machine, carried there—through and then taken by hand, placed on trays from where it later was carried to the wrapping machines", to which offer Mr. Aldrich objected. The objection was sustained.

The Master stated that the record would show that the offer might be considered as having been made in separate sentences with an objection to each and every such objection sustained.

Mr. Lane then offered in evidence the photograph referred to in the offer as Wrigley Exhibit 69, Becker 2, and also the cut taken from the Clough & Sons catalogue as Wrigley Exhibit 69, Becker 3. Mr. Aldrich objected. The objection was sustained.

6525 Said photograph and cut so offered, but not received in evidence, were marked "Wrigley Exhibit 69, Becker 2 and Becker 3, offered, not admitted.")

6526 Wrigley Exhibit 69, Becker 2 and

6527 Wrigley Exhibit 69, Becker 3.

(4468) (Mr. Lane then asked the witness whether Wrigley
6528 69, Becker 2, correctly shows the character of machines that were being made by the three companies to which the witness had referred as making rolls and which Mr. Lane had offered to prove were being made by the three

companies making such rolls. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then offered to prove the following: "We offer to prove that the machines shown in these pictures were largely, if not exclusively, made by the Clough & Witt Company of Cleveland, Thomas Mills & Brother of Philadelphia, and Clad & Sons Company of Philadelphia, and that they were made by one or more of these Companies for the American Chicle Company, where they were in use from 1916 during the balance of the accounting period and subsequent thereto." Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness as to whether the machines shown in these pictures were the best machines that were available for the rolling out of gum to the American Chicle Company at the time of the purchase of those machines in 1916 and subsequently thereto, and, so
6529 far as the witness knew, to the trade generally. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then offered to show that the witness would answer the question in the affirmative. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether the machine shown in Wrigley Exhibit 69, Becker 2, was the machine used during the period of 1917; when the cost of producing gum was $9.24 per thousand pounds, and in 1918
(4469) when the cost was $9.78 per thousand pounds. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to prove by this witness that machines like that shown in Wrigley Exhibit 69, Becker 2, was the type of machine used by the American Chicle Company as the machine available to it best adapted for the rolling out of gum during the entire accounting period and even subsequent thereto, and that the actual cost as shown by the records of the Company kept under the supervision of this witness in the manufacture of gum, using that machine during the year of 1917 was $9.24 per thousand
6530 pounds, and during 1918 $9.78 per thousand pounds." Mr. Aldrich objected. The objection was sustained. The Master stated that the Wrigley Company should have the benefit of the offer as though made in separate sentences and as though each offer had been objected to and the objection sustained.

Mr. Lane then asked the witness whether the American Chicle Company used the so-called single roll machines which the witness had heard discussed during the season and fully described as shown on pages 16 and 18 of the Clough & Witt Catalogue, Wrigley Exhibit 69, Becker 1, during the years 1916, 1917 and 1918 and subsequent thereto. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to show that the witness's answer would have been in the affirmative if he had been permitted to answer, and that the single rolls referred to in the question were, in fact, used simultaneously with the gang rollers at the Long Island City plant of the American Chicle Company during the accounting period and subsequent thereto, and that the cost of producing gum thereon during the years 1917 and 1918 was slightly in excess per thousand pounds (4470) of the cost of manufacturing gum with the gang or 6531 battery roll shown in Wrigley Exhibit 69, Becker 2." Mr. Aldrich objection. The objection was sustained.

The Master stated that it would be understood that all of these offers to prove which the Wrigley Company was seeking to make by the witness, and which the Master should overrule, might be considered as though they were made in separate sentences and as though an objection had been made to each such offer and as though each such offer had been rejected by the Master.

Mr. Lane then asked the witness whether he had present the records of the American Chicle Company showing the actual labor costs of manufacturing gum at the Long Island plant of the American Chicle Company during the years of 1917 and 1918, and also the manufacturing cost of producing gum at the Sterling Company's plant in 1915 and 1916, and whether he was willing to produce them for the inspection of opposing counsel and the Master. Mr. Aldrich objected. The objection was sustained.
6532 Mr. Lane then offered to prove that the witness's answer would be in the affirmative as to both questions. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether the Sterling Gum Company, under the direction and supervision of the witness kept accurate records of the cost of manufacturing gum during the entire period of time that he was con-

nected with that company. Mr. Aldrich objected. The objection was sustained.

Mr. Lane offered to show that the witness's answer would have been in the affirmative. Mr. Aldrich objected. The objection was sustained.

(4471) Mr. Lane then asked the witness whether the books of the Sterling Gum Company just referred to were kept under his personal supervision and direction so that the witness knew the costs were accurate. Mr. Aldrich objected. The objection was sustained.

Mr. Lane offered to prove the answer would be in the affirmative. Mr. Aldrich objected. The objection was sustained.

6533 Mr. Lane asked the witness whether he had those books and records present and whether they were open and available to the inspection of the court and opposing counsel. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then offered to prove the answer would be in the affirmative. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether the American Chicle Company, under his direction and supervision, had kept accurate records of the cost of manufacturing gum during 1917 and 1918. Mr. Aldrich objected. The objection was sustained.

6534 Mr. Lane then offered to show the witness's answer would be in the affirmative. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether these books were kept under the personal supervision and direction of the witness so that the witness knew the costs were accurate. Mr. Aldrich objected. The objection was sustained.

Mr. Lane offered to prove the witness's answer would be in the affirmative. Mr. Aldrich objected. The objection was sustained.

Mr. Lane asked the witness whether he had those books and records present and whether they were open to the inspection of the Court and opposing counsel. Mr. Aldrich objected. The objection was sustained.

6535 Mr. Lane then offered to prove that the answer would
(4472) be in the affirmative. Mr. Aldrich objected. The objection was sustained.)

The witness continued:

I think I am sufficiently familiar with the wrapping of gum, from my experience and long connection with the gum business, to enable me to tell the Master with what character of machines the gum is wrapped when put up in the ordinary package like the Doublemint package of gum is wrapped.

(Mr. Lane asked the witness how that was done. Mr. Aldrich objected. The objection was sustained.

6536 Mr. Lane then made the following offer of proof: "We offer to prove by the witness that by an examination of
6537 the wrapping and the single sticks of gum wrapped as put on the market, it is possible to tell the type and character of machine used in the wrapping of this gum, and that he can personally, from an inspection of gum actually on the market, tell what machine was used for the wrapping of the gum in the single stick; and that this witness is generally familiar with the various kinds of chewing gum which are being manufactured and sold by the various companies throughout the country, and that a very large percentage of such gum, outside of that wrapped by the Wm. Wrigley Jr. Company, the individual sticks of which are first wrapped and then put into five or six stick packages and then banded together by an outside wrapper or counterband, is wrapped by what is known as the Redington machines and that some portion of it is still wrapped on socalled Berger machines, concerning each of which testimony has already been given by Mr. Nelson Buck in this case."

Mr. Aldrich objected. The objection was sustained.

(4473) Mr. Lane then asked the witness what was the standard wrapping machine in general use by the American Chicle Company and the companies with which he was
6538 previously connected during the period from July 28th, 1914, to November 12, 1918, for wrapping five or six individual sticks of gum separately and then securing them together by a counterband. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to prove by this witness that his answer to this question would be that the Redington machine was the standard during all that period and still is to a large extent, and that the Burger machine is still used to some extent for this purpose."

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness to state what the output was per nine hour day that the Long Island plant of the American Chicle Company in the use of these Redington machines from 1916 through the balance of the accounting period and subsequent thereto. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We
6539 offer to show that the output per day on the Redington machines of wrapping gum in the manner indicated in the preceding question at the American Chicle Company's plant ranged from a minimum of 500 to a maximum of 900 boxes of 20 packages per box per nine hour day, and that the labor cost of wrapping and boxing such gum at the Sterling and Long Island plants of the American Chicle Company with the use of the Redington machines in 1915 was $.014181 per box and for 1916 $.013959 per box." Mr. Aldrich objected. The objection was sustained.

(4474) Mr. Lane then made the additional following offer of proof: "We also offer to prove by this witness that the Redington machines which have been referred to by me in the recent offers of proof concerning that machine and the cost of producing gum did not seal gum in self-sealed packages similar to that used by the Wm. Wrigley Jr. Company in the wrapping of its Doublemint gum."

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether the Redington machine to which he had referred was also put out
6540 with a mechanism for self-sealing the packages, that is, wrapping the five sticks with a wax paper. Mr. Aldrich objected. The objection was sustained.

Mr. Lane offered to show that the answer would be in the affirmative. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness how the cost of wrapping gum with a self-sealed wrapper with the Redington machine containing this self-sealer would compare with the cost of wrapping gum in the way which the Redington machine uses to wrap such gum without the self-sealer. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to show by this witness that the operation of the Redington machine with a self-sealer slowed up the oper-

ation somewhat and that therefore the cost of wrapping gum with the self-sealer mechanism on the Redington machine was greater than without the attachment upon it."

Mr. Aldrich objected. The objection was sustained.

6541 Mr. Lane then asked the witness whether he was at the (4475) plant of the Beechnut Packing Company during the years 1915 to 1918. The witness answered that he was. Mr. Lane then asked the witness whether he had examined the machinery which was used there for wrapping gum during that period of time. Mr. Aldrich objected. The objection was sustained.

Mr. Lane offered to prove that the witness's answer was and would be in the affirmative. Mr. Aldrich objected. The objection was sustained.)

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The witness continued:

I have had occasion to go to one of the plants of the Wm. Wrigley Jr. Company for the purpose of seeing the machinery that was there in operation. I saw the machines that were there in use for rolling out and scoring and handling the gum in the manufacturing room.

(Mr. Lane then asked the witness to state how that machine compares with the machines that were used by the American Chicle Company in the rolling out and scoring of gum and handling it in the manufacturing room so far as efficiency and rapidity is concerned with the ma-
6544 chines that were operated by the American Chicle Company during the accounting period. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to prove by this witness that he has seen the Dellenbarger and Barbieri Sheeting Machines with the Price attachments for separating the sections of gum from the (4476) continuous sheets and the socalled merry-go-round at the delivery end of this machine used and operated at the Wrigley factory and that the labor cost of rolling out and scoring and breaking up for subsequent wrapping the continuous sheets of gum would be very materially less with the same character of labor and with labor at the same price than the method used at the American Chicle Company which was the best known method of sheeting

and scoring gum aside from that used at the Wrigley Company's plant and available to the public, and that this lowering of the cost at the plant of the Wrigley Company by the use of these machines is due to the efficiency of the machines themselves, to the fact that they handle continuous sheets of gum and handle the gum automatically from start to finish of the operation of sheeting and scoring and putting upon trays and that the rapidity with which the machines may be operated for rolling out
6545 and scoring the gum so that it may be separated into individual sticks ready for wrapping greatly increased the efficiency and lowered the labor cost of producing gum.

We also offer to prove that the use of these sheeting and scoring machines and the attachments thereto owned and operated by the Wrigley Company caused the gum to be turned out in finished shape with the edges trimmed so as to do away with the wastage and lowered cost materially in the subsequent operations of handling the gum and also reduced the labor expense of all other operations in the manufacturing department of the factory; that with the machines used by the others and the American Chicle Company and best available to the public, there was a great deal of wastage in the subsequent handling of the gum over that which had been rolled out due to
(4477) the excess of trim necessary to be removed from such sheets as were produced, and that the American Chicle Company used during the accounting period and subsequent the results of the experience of the various companies which it either bought up or consolidated with in the production of the gum in the manufacturing room, and that the method used by it was the best method then known and available to the public and inferior so far as labor cost was concerned to that used by the Wrigley Company in the manufacture, rolling and scoring of gum."

6546 Mr. Aldrich objected to the offer and to each part thereof. The objection was sustained. It was agreed by counsel for the parties and the Master that it would be understood that all the offers theretofore made in connection with Mr. Becker's testimony, as well as those then being made, might be considered as having been made, but broken up into separate parts as to each of the subject matters, and the objection made to each part and the objection sustained.

The witness then stated that he knew what had been referred to in this case as the Price KL and KLM machines for wrapping gum, and that he had seen those machines in operation at one of the factories of the Wrigley Company.

6547 Mr. Lane asked the witness to state how the labor cost of wrapping gum with these machines, wrapping each of five individual sticks separately and then banding them with a counterband, or first putting a wax sealing paper over the five sticks and then putting a counterband on the outside thereof compared with the labor cost of doing similar work on the machines used by the American Chicle Company or by others with which he was familiar. Mr. Aldrich objected. The objection was sustained.

(4478) The witness then stated that he was familiar with the best known wrapping machines available to the public during the years 1914 to 1918, both inclusive.

Mr. Lane then asked the witness what was the character of the machine that was generally used by gum manufacturers in the wrapping of five individual sticks of gum separately and then making one package of it either with a wax sealed paper and a counterband or with a counterband. Mr. Aldrich objected. The objection was sustained.

5548 Mr. Lane then asked the witness to state if he knew what was the name of the best known available machine generally used by manufacturers of gum for said purpose during the years 1914 to 1918 inclusive. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness to state to the Master the name of the machine that was used by the American Chicle Company for wrapping its gum during that period. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness what was the best and most efficient wrapping machine in use during the accounting period outside of the plant of the Wrigley Company. Mr. Aldrich objected. The objection was sustained.

6549 Mr. Lane then made the following offer of proof: "We offer to prove by this witness that the Redington, Burger, Condon and Bander machines referred to by the witness Buck were the most efficient and economical machines outside of those used by the Wrigley Company for wrapping gum during the accounting period and subsequent thereto and that the witness knows and has seen the Price K, KL and KLM machines referred to by the wit-

ness Buck in operation at one of the Wm. Wrigley Jr.
(4479) Company's plants, and that these machines, due to their construction and efficiency and the rapidity with which they may be operated for wrapping gum of the type and in the manner wrapped at the Wrigley Company's plant, very materially decreases the labor cost of wrapping gum of the type mentioned over the Redington, the Burger, the Condon, the Bander, used separately or any two of these machines used conjointly, and that the Price K, KL and KLM machines do the work of wrapping more efficiently and rapidly than any of the previous methods and with less labor expense."

Mr. Aldrich objected to the offer as a whole and to each part thereof. The objection was sustained.

Mr. Lane then made the following additional offer of proof: "We also offer to prove by this witness that the cost of wrapping gum in the manner in which Doublemint is wrapped with the Price K, KL, and KLM ma-
6550 chines is about one-half the cost of wrapping gum on the Redington machines used by the American Chicle Company and others during the accounting period and subsequent thereto."

Mr. Aldrich objected. The objection was sustained.

The witness then stated that he was familiar with some of the various kinds of machines for rolling out bread and biscuit material, rubber for buttons, candies and devices of a similar character.

Mr. Lane then asked the witness whether he knew of any such devices that could be satisfactorily used without change for the rolling out and scoring of chewing gum. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: "We offer to prove by the witness that he is familiar with vari-
(4480) ous types of machines used for rolling out various products such as candies, rubber material for buttons and fabrics, for handling dough for biscuits and breads, and
6551 the like, and that so far as he knows there was no machine available to the public which could be satisfactorily used for rolling out and scoring gum or doing any part of such operation economically and efficiently, or in fact at all, and that this is due to the peculiar characteristics of the gum material and stickiness of it and the other characteristics possessed by it as compared with the various other products being treated by rolling or scoring

means, and that there were no other means for any purpose so far as he knows, and he has made a careful examination of this, which would accomplish the result of rolling out and scoring the gum in anything like as efficient a manner, if at all, as the method used by the American Chicle Company which has been referred to in the offers of proof which he has heard stated during the attempt to prove these various facts referred to by him."

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether there was any better machinery on the market and available to the public so far as the witness knew during the entire accounting period, or any part of it, than that used by the American Chicle Company, either in the manufacturing
6552 room where the gum was rolled out, finished, scored and put away, or in the wrapping of it. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then offered to prove by the witness that the answer to that question would be no. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness what machine was
(4481) used at the plant of the Beechnut Packing Company for wrapping gum at the times and on the occasions he had been there. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness how the labor cost price of wrapping gum at the Beechnut plants, both in Canajoharie and in Brooklyn, compare with the price of wrapping gum at the American Chicle Company's plant at the same time. Mr. Aldrich objected. The objection was sustained.

6553 Mr. Lane then made the following offer of proof: "We offer to prove by this witness that he is familiar with the method used by the Beechnut Packing Company both at its Canajoharie and Brooklyn plants during substantially all of the accounting period, and that he knows that the labor cost of wrapping gum at each of those plants was materially higher than the labor cost for wrapping gum at the plant of the American Chicle Company the figures of which are shown in the previous offers of proof; that the gum wrapped by the Beechnut Company at both of its plants was of the same general shape as the Doublemint gum and that each stick was individually wrapped with a piece of tinfoil around which was an individual

stick counterband, that five of these sticks thus wrapped were held together and wrapped with an outside counterband or wrapper; that the machines used at the Canajoharie plant during all of the accounting period and subsequent were those known as the Burger machine identified in the evidence of the witness Buck and that the capacity of these machines is from 150 to 300 boxes of the standard type of 20 packages, each containing five sticks, per nine hour day; that the Beechnut Company at its Brooklyn plant used the Redington machine which has been identified by the witness Buck exclusively in the wrapping of
(4482) similar packages in a similar way, and that the capa-
6554 city of these machines for wrapping gum was from 500 to approximately 800 boxes per nine hour day; and that the witness knows from his recent examination of the packages of gum wrapped by the Beechnut Company on sale at the present time and continuously since the accounting period that the Beechnut Company still continued to use these Burger and Redington wrapping machines."

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following additional offer of proof: "We offer to prove by this witness that the Beechnut Packing Company is one of the largest manufacturers of chewing gum in the country at the present time and was a large competitor of the Wm. Wrigley Jr. Company and of the American Chicle Company during the accounting period".

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether there was any machine available to the public so far as he knew
6555 that would wrap gum at as low a labor cost as any one of those Price K, KL, and KLM machines, which the witness had said he had seen in operation at one of the plants of the Wrigley Company. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then offered to prove that the answer to the question would be no. Mr. Aldrich objected. The objection was sustained.

Mr. Aldrich stated there would be no cross-examination.)

(4483) NELSON L. BUCK resumed the stand for further cross-examination:

6556 (It was agreed that a certified copy of assignments of patents which had been certified by the Patent Office might be offered in evidence in lieu of the originals of such documents. Mr. Lane then offered in evidence a certified copy of an assignment from Albert M. Price to the Zeno Manufacturing Company, dated April 14th, 1910, of the application and invention shown therein which resulted in patent to Price No. 992590 of May 16th, 1911, and the assignment thereof from the Zeno Manufacturing Company to the Wm. Wrigley Jr. Company dated April 17th, 1911, as Wrigley Exhibit 64: Buck 57 and 58.

Said assignments, so offered, were received in evidence and marked respectively Wrigley Exhibit 64: Buck 57 and 58.

6557 Mr. Lane then stated to Mr. Aldrich that Buck had located certain contracts between the Zeno Manufacturing Company and Barbieri and Dellenbarger and with Dellenbarger and the Zeno Manufacturing Company which he had been unable to find at the time Mr. Aldrich was cross-examining him. He thereupon submitted one of those documents to Mr. Aldrich, referring to the applications of Wrigley Exhibit 64: Buck 1 and 3 respectively. Mr. Aldrich stated that he wanted the said document in evidence as part of his cross-examination of Mr. Buck.)

The redirect examination of Mr. Buck by Mr. Lane was then continued:

(4484) My attention being called to an offer of November 9,
6558 1909, directed to the Zeno Manufacturing Company, Chicago, Illinois, and signed by Barbieri and Dellenbarger, of the company, C. E. Dellenbarger, president, and accepted by the Zeno Manufacturing Company, A. G. Cox, manager, referring to applications for patents, serial Nos. 427,402 and 513,563 which resulted respectively in the issued patents 968,109 issued August 23, 1910, and 968,110 issued August 23, 1910, I will state that this contract was executed by the companies who secured them, and that Zeno Manufacturing Company acquired the rights to the inventions referred to and the applications there referred to.

The applications referred to therein are the ones that resulted in the patents to which I have referred. The Zeno Manufacturing Company by virtue of their acquiring the title to these inventions procured the transfer of these inventions directly to the Wm. Wrigley Jr. Company. That was a part of the transaction which was brought about by the sale of the property of the Zeno Manufacturing Company to the Wm. Wrigley Jr. Company.

6559 The Zeno Manufacturing Company owned the inventions of Barbieri and Dellenbarger prior to the time of the transfer—of the property of the Zeno Manufacturing Company to the Wm. Wrigley Jr. Company.

6562 (Mr. Lane offered in evidence the contract of November 26, 1909, which had been identified by the witness. Said contract was received in evidence, and marked Wrigley Exhibit 64: Buck 59, it being stipulated that a (4485) copy might be substituted in lieu of the original, the original to be produced at any time required by court or counsel.)

Said Exhibit Buck 59 is a letter, dated November 26, 1909 written by Barbieri and Dellenbarger Co. to Zeno Manufacturing Co. and by it accepted, wherein the writers submit and offer to the Zeno Manufacturing Company to build a duplicate chewing gum sheeting and rolling machine like the one lately installed by the writers in the Zeno Manufacturing Company's plant at 725-735 West Van Buren Street upon the same terms and arrangements as the one just delivered for $5200.00, and the writers agree that in consideration of the Zeno Manufacturing Company's placing an order in accordance with said offer, the writers will enter into an agreement that no similar machines shall be made by them or by any company in which "I or we" now are or shall be interested, excepting as the Zeno Manufacturing Company may order, for a period of two years from the date of the letter. The letter further says that in case a patent protecting the process or construction of the machines shall be obtained as a result of pending applications, Serial Nos. 427402 and 513563, or applications renewed or filed after the date of the letter, the Zeno Manufacturing Company shall be given a first option for the purchase or exclusive use of same in chewing gum business for $5,000.00.

(4486) As a result of the contract, Wrigley Exhibit 64:
6563 Buck 59, the assignment of the two patents 968,109 and 968,110 was made direct from Barbieri & Dellenbarger Company to the Wm. Wrigley Jr. Company; that is, instead of having it signed by the Dellenbarger Company to the Zeno Company and then to the Wrigley Company, the Zeno Company procured the assignment direct to the Wrigley Company. That was the result of the deal made between the Wrigley Company and the Zeno Company at the time the Wrigley Company bought the Zeno Company.

6564 (Mr. Lane then handed to Mr. Aldrich a letter on the letterhead of Barbieri & Dellenbarger Company, dated April 7, 1909, addressed to the Zeno Manufacturing Company and signed by Barbieri & Dellenbarger Company, by C. E. Dellenbarger, treasurer, Caesar Barbieri, president, and a letter dated July 9, 1910, on the same letterhead, signed Barbieri & Dellenbarger by C. E. Dellenbarger, president and treasurer; also a letter of July 13, 1910, on the same letterhead, signed in the same way as the last letter referred to; and a proposition dated August 19, 1910, addressed to the Zeno Manufacturing Company and signed by C. E. Dellenbarger, referring to other transactions between the parties. Mr. Lane stated he was handing the same to Mr. Aldrich for his inspection and use, if Mr. Aldrich cared to make use of them.

The witness then said, in answer to a question from (4487) Mr. Aldrich, that he could not say whether the answers of the Zeno Manufacturing Company to these several communications were available.)

6566 The Witness: The Zeno Manufacturing Company was a separate and independent company at the time of its sale to the Wm. Wrigley Jr. Company, from the Wm. Wrigley Jr. Company; it had no stockholders nor directors in common with the Wm. Wrigley Jr. Company; it was entirely separately managed. The Zeno Manufacturing Company entirely discontinued manufacturing gum, at the time it consolidated its property with the Wm. Wrigley Jr. Company in 1910. It has never engaged in any business since then. The stock of the Wm. Wrigley Jr. Company issued to the Zeno Manufacturing Company was non-assessable.

Regarding Mr. Aldrich's inquiry on my cross-examin-

ation concerning the placing of a contract by the Zeno Company with some company for an early Price machine
6567 for wrapping Spearmint gum without self sealed wax paper, I will say, in about the year 1908 or late in 1907 the Zeno Manufacturing Company placed an order with the Consolidated Wrapping Machine Company of Springfield, Massachusetts, for such a machine with the understanding that if said machine after delivery proved to the Zeno Company's entire satisfaction, we would automatically give them an order for a number of such machines. I do not know what that number was. It was not 20. In the event that the machine was not satisfactory, there was no other obligation.

The machine that was sent there was a preliminary
6568 Price machine under the patents, not in any way similar to the K, KL and KLM patents. I haven't that order. That machine was not satisfactory. We did not complete
(4488) the balance of the order for the balance of the machines that were to be additionally ordered, because it was not satisfactory.

There was no claim at any time made by the Consolidated Wrapping Machine Company that we should complete that order, or that we broke the contract in any way.
6569 The Zeno Company and the Wrigley Company during all this time has been intermittently doing business with the Consolidated Wrapping Machine Company, and always on the most friendly terms.

No such machine was purchased from the Berger Machine Company as has been indicated by Mr. Aldrich's cross-examination. I haven't the exact date when the Berger Company was organized, but I know it was in existence in 1911, and it was not in existence in 1908 when we purchased this machine in question; it was not in existence when this machine was bought by us from the Consolidated Wrapping Machine Company; and that is the only so-called preliminary Price machine that the
6570 Zeno Company ever bought of that type.

So far as I have been able to find from our records neither the Zeno Company nor the Wrigley Company have ever purchased any wrapping machines from the Berger Machine Company. The Zeno Company purchased and leased several of such Berger type machines from the New York Wrapping Machine Company and leased a number of such machines from the New York

Wrapping Machine Company, Consolidated Wrapping Machine Company, and Berger Machine Company. From the time of the organization of the Wm. Wrigley Jr. Company it leased a few of the Berger type machines from the companies which found their resting place in the Package Machinery Company, but the machines used by
(4489) the Wrigley Company and leased by them were principally of a Berger type for wrapping five bare sticks into a package.

The capacity of these Berger machines which wrapped principally the single sticks of gum was from 150 to 300 hundred-stick boxes per nine hour day.

6571 Wednesday, February 14, 1923. 2:00 o'clock P. M.

I have very thoroughly looked for the order that was placed with the Consolidated Wrapping Machine Company for the preliminary Price wrapping machine but I have not been able to find it.

6572 I telegraphed the Package Machinery Company, under date of January 2, 1923, with reference to it and under date of January 4, 1923, they replied by telegram that they were unable to find such a contract or order in their files. The reply was sent by Thomas L. Jefferson, Jr., who is the Packing Machinery Company's president, and it stated that they were unable to find such a contract. The records of our company do not show when this machine was produced. It does show when it was put into operation; that date was July 19, 1909.

6573 That was the only machine of that preliminary type of wrapping machine that I have referred to that was ever purchased by the Zeno Manufacturing Company; that is, as far as the type of machine for wrapping the Spearmint shaped stick and of a machine having an automatic banding attachment, is concerned. That was the only one of that general type that we bought.

It was the practice of the Zeno Company and the Wrigley Company to make other contracts of a similar char-
(4490) acter by which they ordered a number of machines, and paid for the first one, with the understanding that they would pay for the balance if the first one proved satisfactory, otherwise the contract would automatically end with the first purchase.

I have contracts showing that to be the practice. As

illustrative of this situation, I have before me contract between the Zeno Manufacturing Company and the F. B.
6574 Redington Company of July 29, 1910, contract of March 5, 1914, between the Package Machinery Company and the Wm. Wrigley Jr. Company, contract of December 7, 1914, between the Package Machinery Company and Wm. Wrigley Jr. Company, and contract of August 9, 1915, between the Package Machinery Company and Wm. Wrigley Jr. Company.

These contracts generally speaking, show that the practice that I have stated with respect to purchasing machines was common with the Zeno Manufacturing Company and the Wrigley Company during my connection with those companies.

(Mr. Lane then asked the witness whether there was ever any charge made against the Zeno Manufacturing Company or the Wm. Wrigley Jr. Company at any time prior to the end of the accounting period by the owners of the Price patent on that first machine that any subsequent machines that were made by Price for wrapping gum were infringements of any of the patents owned by the Consolidated Wrapping Machine Company or its successor in business. Mr. Aldrich objected on the ground of immateriality and irrelevancy. The objection was overruled.)

6575 The Witness: There was never any claim, verbal or written, prior to the end of the accounting period, to the
(4491) effect that any of the K, KL or KLM machines in any way infringed. There was never any suit brought by the Consolidated Wrapping Machine Company, or its successor in business, prior to the end of the accounting period, against either the Wrigley Company or the Zeno Company, on account of the use of the preliminary Price machine.

6576 There was never any claim by the Consolidated Wrapping Machine Company that the contract of purchase of that preliminary Price machine was not fully lived up to. There was never any complaint made by the Consolidated Wrapping Machine Company or anyone else to the Zeno Company or to the Wrigley Company on account of the Zeno Company having employed a man by the name of Strindberg that has been referred to in your testimony. There has been constant dealings relative to the purchase of machines by the Wrigley Company or the

Zeno Company with the Consolidated Wrapping Machine Company and its successor whenever occasion required since the purchase of this preliminary Price machine.

(The following then occurred:

Q. And did the Consolidated Wrapping Machine Company or the Package Machinery Company sell the Wrigley Company any wrapping machines subsequent to the time it sold the Price preliminary machine to the Zeno Company? I am speaking now of the Redington type.

A. No, not of the Redington type. They did not control those patents up to that time.

The Witness: (To the reporter) Read that question.

(The question was read.)

A. Oh, subsequent? Yes.

(4492) The Reporter: May I change that in the record,
6577 Mr. Aldrich?

Mr. Aldrich: No, I would rather you did not.

Mr. Lane: Q. Did you understand my previous question, Mr. Buck?

A. I did not.

Q. What was your answer to that question?

A. My answer was "No." It should have been that the Wrigley Company did purchase Redington type machines from the Package Machinery Company subsequent to the time that the Zeno Company purchased the preliminary Price type machine from the Consolidated Wrapping Machine Company.

Q. And you desired to correct your answer when Mr. Aldrich interfered and refused to let you do so?

A. Yes.

Q. What did you understand the question to be when you said no?

A. Previous to instead of subsequent to.)

6578 We hired a Mr. Strindberg, for the Zeno Manufacturing Company. He was employed as one of the wrapping department foremen. His duties were exclusively that of supervising the help, and seeing that the machines we were using were kept running at the plant; and otherwise he did just simply the work of a general foreman.

I have not the earliest date when we first employed Mr.
6579 Strindberg, but the earliest date that I can find his name as appearing on the pay roll book, which is the earliest pay roll book we have, is September 4, 1909, at a salary of $30 per week. I remember that during the first part

of his employment his salary did not exceed that. He
(4493) was never employed or used for the purpose of any development work in the Zeno Manufacturing Company's plant, or Wm. Wrigley Jr. Company's plant. He did not do any work as an inventor in either of those plants. He was not employed for that purpose, or used in that way at any time. He did not ever develop any inventions or assign them to either the Zeno Company or the Wrigley Company.

6580 Mr. Strindberg came on to Chicago as a representative of the Consolidated Wrapping Machine Company. After he finished his mission in Chicago in setting up the preliminary Price type machine as purchased from the Consolidated Wrapping Machine Company, he, of his own volition, decided that he would prefer—or rather he applied for a position with the Zeno Company, and inasmuch as we were growing very rapidly at that time, we found a place for him and employed him.

That place was the position I have referred to. There was not any talk at that time about employing him for any other work than that of a foreman in the wrapping machine department.

6581 No written contract was ever made with Strindberg by the Zeno Company or the Wrigley Company. He was employed from week to week, as other employes of a similar capacity were with the Zeno Company. Strindberg had nothing to do with the Price inventions, K, KL, or KLM.

I believe Strindberg left the Wrigley Company's employ in the last part of 1914. During the entire time he was with either the Zeno Company or the Wrigley Company his work was exclusively as one of the wrapping department foremen. His salary was no greater than that of other employes in similar positions in the two companies, in fact, not as much as one of the others.

(4494) About 90% of the help that was working under
6582 Strindberg's supervision during the time he was there were girls. His principal duty was to oversee the work of the girls. To see that machines were kept in running order and to be responsible for the general operation of his particular wrapping department. His duties were exclusively in one of the wrapping departments.

(Mr. Lane then asked the witness, what was the standard and most efficient wrapping machine on the market

available to the public during the entire accounting period.

Mr. Aldrich objected. The objection was sustained.

6583 Mr. Lane offered to show by the witness that the Redington machine was the standard and most efficient wrapping machine on the market available to the public during the entire accounting period. Mr. Aldrich objected, and the objection was sustained.

Mr. Lane then asked the witness to what extent this Redington machine was used by manufacturers of chewing gum such as the Beech-Nut at its Brooklyn plant and the American Chicle Company and its subsidiary companies. Mr. Aldrich objected. The objection was sustained. Mr. Lane then made the following offer:

We offer to show by this witness that the Redington machine was the most efficient wrapping machine for wrapping gum of the Doublemint type and that it was extensively used by manufacturers of chewing gum such as the Beech-Nut Company at its Brooklyn plant and the American Chicle Company and the subsidiaries of the latter companies during the entire accounting period or subsequent thereto.

Mr. Aldrich objected, and the objection was sustained.

Mr. Lane then asked the witness whether he knew which

(4495) kind of wrapping machines the Larson Company used

6584 during the accounting period to wrap its gum of a similar character in similar shaped sticks to that of the Doublemint type. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then offered to prove:

We offer to prove by this witness that the Larson Company, during the entire accounting period when such machine was used and subsequently, has used the Redington machine, the Condon machine and the Bander for wrapping certain of its gum singly or two or more of them simultaneously.

Mr. Aldrich objected, and the objection was sustained.

Mr. Lane then asked the witness what the capacity was

6585 of the Redington machine as used by the most efficient manufacturers available to others than the Wrigley Company, per 9-hour day. Mr. Aldrich objected. The objection was sustained. Mr. Lane then made the following offer of proof:

6586 We offer to show by this witness that the capacity of

Redington machines as used by the most efficient manufacturers of gum other than the Wrigley Company was from 500 to 900 boxes per day of nine hours, the boxes containing twenty packages of gum, each package containing five single sticks separately wrapped.

(4496) Mr. Aldrich objected. The objection was sustained. Mr. Lane then asked the witness how the output of other companies with which he was familiar in the operation of the Redington machines compared with the number of boxes which were wrapped by the Wrigley Company on Redington machines, as shown by the statements which the witness had filed. Mr. Aldrich objected. The objection was sustained. Mr. Lane then made the following offer of proof: We offer to show by this witness that when these Redington machines were used by the best equipped and largest competitive companies of the Wrigley Company in wrapping gum of a similar shape and in similar packages and similar single stick wrappings, that the amount per day was from 500 to 900 boxes as compared with approximately 1100 boxes which the

6587 witness testified were wrapped by the Redington machines at the Wrigley Company's plant and on which latter figure the witness based his computations for showing the previous methods and showed savings over this latter figure of 1100 boxes per day by the use of the Price K, KL and LM machines.

Mr. Aldrich objected. The objection was sustained.

The witness then produced the Package Machinery Company's catalogue of 1919 showing their then present list of users of the Redington machine. Mr. Lane called

6588 attention specifically to pages 63 and 64, under the head

(4497) "Chewing Gum."

Mr. Lane then offered the catalogue in evidence. On the objection of Mr. Aldrich, the catalogue was not received in evidence. It was marked "Wrigley Exhibit 64, Buck 60, offered, not admitted."

Mr. Lane then asked the witness to turn to pages 14 and 15 of that catalogue and tell what such pages showed.

6589 Mr. Aldrich objected. The Master sustained the objection. Mr. Lane then made the following offer of proof:

We offer to show by this witness that the Package Machinery Company's model BB machine shown and described on pages 14 and 15 of Wrigley Exhibit 64, Buck 60, is the standard Redington machine concerning which

the witness has testified and over which savings were effected by the use of the Price K, KL and KLM machines in the wrapping of gum, and that the machine shown on page 50 of this Package Machinery Company catalogue and described there and on page 51 is the Condon machine for sealing the five sticks of gum in a sealed wax paper, and these machines are the most improved forms of the Redington and Condon machines which have been referred to by the witness as in use by others for the purpose of wrapping the individual sticks of gum and subsequently wrapping them with a counter band and with a self-sealed wax paper, and that these machines were the best known and most efficient machines for the purpose of wrapping gum in the respective ways in which it is desired to be wrapped during the entire accounting period aside from those machines owned and operated by the Wrigley Company in the manufacture of chewing gum.

(4498) Mr. Aldrich objected. The objection was sustained.

6590 The witness then stated that he knew what the guaranty was that was given by the manufacturer of the Redington machine during the accounting period concerning which the witness had testified. He then asked the witness what that guaranty was. Mr. Aldrich objected. The objection was sustained. Mr. Lane then made the following offer of proof:

We offer to show by this witness that the manufacture of the Redington machine as shown in the catalogue Wrigley Exhibit 64, Buck 60, during the accounting period was 900 boxes when the single sticks of gum were wrapped and these single sticks bound together with an outside counter band per day of nine hours.

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof:

6592 We offer to prove that the guaranteed output of the manufacturer making the Redington machines for wrapping gum in the manner outlined in the question was 900 boxes.

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then called the witness' attention to the contract between the Zeno Company and the Redington Company of July 29, 1910; the contract between the Wrigley Company and the Package Machinery Company of March 5, 1919; the contract between the Wm.

Wrigley Jr. Company and the Package Machinery Company of December 7, 1914, and the contract between the Wm. Wrigley Jr. Company and the Package Machinery Company of August 9, 1915, which Mr. Lane said had been produced for the first time at the request of Mr. Aldrich on cross examination.

(4499) Mr. Lane then asked the witness to state what the manufacturer in those contracts guaranteed as the output in the wrapping of gum with the Redington machine there referred to. Mr. Aldrich objected. The objection was sustained.

Mr. Lane offered the contracts referred to in evidence.

6593 Mr. Aldrich objected. The Master ruled that as the contracts had been produced at Mr. Aldrich's request they should be admitted.

Mr. Aldrich then stated, that, as that was the Court's ruling, he would not object to the witness answering what the manufacturer guaranteed in those contracts as to the output in the wrapping of gum with the Redington machine there referred to, instead of introducing the contracts in evidence.

6594 The Witness: In the contract of July 29, 1910, it specifies an output of 8,500 pieces per hour, which is equivalent to eighty-five boxes per hour of twenty packages per box, or 765 per day. The guarantee in the contract of July 29, 1910, was made from the Redington Company to the Zeno Manufacturing Company.

Contract of March 5, 1914, made between the Package Machinery Company and the Wm. Wrigley Jr. Company and the former guarantees the Redington machine to operate efficiently at a speed of 180 sticks per minute, which is equivalent to 972 20-package boxes per 9-hour day, the guarantee being made by the manufacturer, the Package Machinery Company, to the Wm. Wrigley Jr. Company.

I have before me contract of August 9, 1915, in which

(4500) the Package Machinery Company agreed to deliver to

6595 the Wm. Wrigley Jr. Company Redington machines of a capacity of 180 sticks per minute, which is equivalent to 972 20-package boxes per 9-hour day.

I also have a contract before dated December 7, 1914, in which the Package Machinery Company guarantees to the Wm. Wrigley Jr. Company, purchaser, to build Redington type machines of a capacity of 180 sticks per min-

ute, which is equivalent to, not in excess of, 972 boxes per 9-hour day, but in giving the interpretation of the output for the 9-hour day for the guaranteed output per minute, it is not claimed that any of these machines could or ever did run continuously. The three contracts just referred to as between the Package Machinery Company and the Wm. Wrigley Jr. Company specify "of their latest type wrapping machines for wrapping, and so forth.

These Redington machines that were bought by the Zeno Company and the Wm. Wrigley Jr. Company were the ones which we operated when I gave my estimate of the labor costs and the savings thereover by the later K, KL and KLM machines.

6596 I will quote from the contract of December 7, 1914, between the Wrigley Company and the Package Machinery Company regarding the minimum guarantee. It reads:

"These machines are guaranteed by party of second part to operate efficiently at a speed of 180 sticks per minute." In the contract of July 29, 1910, the paragraph referring to output reads as follows: "The machine is guaranteed to wrap 8,500 pieces per hour provided it is operated by competent operators and the gum is not sticky or brittle. We too have the privilege of demonstrating the capacity of the machine and of instructing your operators, if necessary.

(4501) The guaranteed output of the Condon self-sealing
6597 machine was two thousand boxes per 9-hour day. It was not more than that at any time during the accounting period, by the manufacturers of that machine.

(Mr. Lane then asked the witness whether his companies had any occasion to sell any of these Redington machines which they purchased from the Redington Company and the Package Machinery Company. Mr. Aldrich objected, and the objection was sustained.

Mr. Lane offered to show that they did have occasion to sell these machines. Mr. Lane then asked the witness for what reason his companies sold those Redington machines during the accounting period. Mr. Aldrich objected. The objection was sustained.

Mr. Lane offered to show that they did have occasion to sell these machines. Mr. Lane then asked the witness for what reason his companies sold those Redington ma-

chines during the accounting period. Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof: We offer to show by this witness that the reason for selling these machines was because of their inefficiency as compared with the Price K, KL and KLM machines and notwithstanding this fact there was a market for these Redington machines among manufacturers of chewing gum for the reason that they were the best machines available to other manufacturers and wrappers of chewing gum
6598 other than the Wrigley Company.

Mr. Aldrich objected, and the objection was sustained. Mr. Lane then stated to the witness that Mr. Aldrich in his cross examination had asked the same questions as to the character of machines used by other companies manufacturing chewing gum, and whether the witness could tell the type of machines used in such factories,
(4502) without having visited them; and Mr. Lane then asked the witness whether he was able to state from an examination of the package wrapped, the type of machine with which those gum packages were wrapped.

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then made the following offer of proof:

We offer to prove that this witness has, during the month of January, 1923, secured from various sources throughout the United States various packages of gum wrapped as indicated by the question, and that these packages were made by twenty-one different companies and that seventy-four of these packages manufactured by twenty companies were wrapped with the Redington machine, and that two of these packages manufactured by one company were wrapped with the Burger machine concerning which the witness has testified, and that these packages were selected at random in Chicago, San Francisco, Philadelphia, Brooklyn and Boston, from the open market; and that the means of identification are by the package; and that among such packages were those manufactured by the L. P. Larson, Jr. Company of Chicago, the counter-complainant here, and that none of these were packages wrapped by the Wrigley Company.

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness whether any of those packages which he had secured from various sources during the month of January, 1923, were wrapped with

self-sealed wax paper. The witness answered that they were.

Mr. Lane then asked the witness by what machines
(4503) they were wrapped. Mr. Aldrich objected. The objection was sustained. Mr. Lane then made the following offer of proof: We offer to show by the witness that such of these packages as were purchased and referred to in the last offer to prove and five sticks of which were wrapped with the self-sealing wax paper when purchased,
6599 were made on the Condon type sealer, to which the witness has referred in his testimony, for the purpose of self-sealing; and that among such packages so wrapped were packages of Larson's Spearmint wrapped by the Larson Company, counter-complainant herein, and the American Chicle Company's Yucatan, the Bee Bee, Fan Tan Confectionery Company and the Mile Fruit Manufactured by the Newport Gum Company. Mr. Aldrich
6600 objected. The objection was sustained. The witness then stated that he had recently visited the Long Island City plant of the American Chicle Company. Mr. Lane then asked the witness what kind of machine the American Chicle Company were there using for wrapping their gum of the same general type and size of the Doublemint gum. Mr. Aldrich objected. The objection was sustained. Mr. Lane then made the following offer of
6601 proof: We offer to prove by this witness that the American Chicle Company is using, as their standard machines, at their largest plant in Long Island City, New York, for the wrapping of gum of the same general style and shape as Doublemint gum, the Redington machines, and whenever they use self-sealing wax paper for enclosing five sticks of gum, they use the Redington and the Condon machines for that purpose and have been so doing since 1916.

(4504) Mr. Aldrich said he objected for the reasons theretofore stated. The Master then said that, regardless of the objection, as to the reasons theretofore stated, he did not think this testimony sought to be elicited was redirect examination, and he thought the case had been before him long enough so that the Master should hold a pretty strict rule in that respect. He then sustained the objection.

The Master also stated that these offers that were going in were under the arrangement made theretofore;

that they might be considered made piecemeal and objected to piecemeal, and such objections sustained.

6602 The witness then said he had been recently to the plant of the Beech-Nut Packing Company at Canajoharie; that he had examined the machines that were there used for wrapping gum in five-stick packages of the general character of the Doublemint package.

Mr. Lane then asked him what machine the Beech-Nut Company were there using for that purpose. Mr. Aldrich objected, and the objection was sustained. Mr. Lane then made the following offer of proof:

We offer to show by this witness that the machine used by the Beech-Nut Packing Company, one of the principal competitors of the Wrigley Company at the present time

6603 in wrapping its five-stick package is the Burger machine of the type already referred to by this witness throughout his testimony, and that the capacity there, even at the present time, for wrapping such gum on the Burger machine, even though no self-sealing wax paper is used, is from 150 to 300 boxes per 9-hour day, each box

(4505) containing twenty packages of five sticks each.

Mr. Aldrich objected. The objection was sustained.

The witness then said that he had had occasion to visit the Hershey Chocolate Company and chewing gum plant; that that was one of the principal competitors of the Wm. Wrigley Jr. Company at the present time in the manufacture and sale of gum.

Mr. Lane asked the witness what type of machine the Hershey Chocolate Company was using for wrapping their five-stick packages of gum at that plant. Mr. Aldrich objected. The objection was sustained. Mr. Lane then made the following offer of proof:

We offer to prove by the witness that at the plant of

6604 the Hershey Chocolate Company in New York City they are wrapping gum of the same general shape as Doublemint gum in single sticks and six sticks in a package, wrapped around by an outside counter band with the Redington machine of the general type referred to by the witness throughout his testimony; and that the witness visited this plant in 1923, where the Redington machine is still being used exclusively.

Mr. Aldrich objected. The objection was sustained. The witness then said that when he was at the plant of the Beech-Nut Company at Canajoharie, he had occa-

sion to examine the type of machine that was being used for roughing out and rolling out the gum there being made by that company.

Mr. Lane then asked what type of machine was used for that purpose. Mr. Aldrich objected. The objection
6605 was sustained.

Mr. Lane then made the following offer of proof:

(4506) We offer to show by this witness that the machine which the Beech-Nut Packing Company was using up to the end of the accounting period at their Canajoharie, New York, plant was the single roll type rouching machine for rolling out their gum of the type shown in Wrigley Exhibit 69, Becker 1, and that the gum was put through these rolls in units of three to five pounds each, and for each of these units in properly rolling out the gum they adjusted the rollers from ten to fifteen times for completely rolling out each three to five pound unit.

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness what the weight was of the mass of gum that was originally put through what the witness had termed the gum brake or roller used at the Zeno Manufacturing Company's plant previous to the time the Zeno Company used the present machine.

Mr. Aldrich objected. The objection was overruled. The witness answered, that the weight was around five hundred pounds between each adjustment of the rollers.

Mr. Lane then asked the witness how many adjustments were made of the rollers in rolling out the ordinary mass of gum weighing 500 pounds. Mr. Aldrich objected, on the ground that the question had been asked and an-
6606 swered, and that the witness' answer before was five to seven times.

(4507) February 15, 1923.

6607 10:30 A. M.

Mr. Lane asked the witness whether he was familiar with the character of rolls that were used for rolling out gum at the Cleveland plant of the American Chicle Company and by its predecessor, W. J. White, prtvious to 1920. The witness answered that he was. Mr. Lane asked the witness what the type of roll was there used for that purpose.

Mr. Aldrich objected, and the objection was sustained. Mr. Lane then made the following offer of proof:

We offer to show by this witness that the W. J. White Company and the Cleveland plant of the American Chicle Company used during the accounting period and subsequent and prior thereto a single roll Clough & Witt machine and that these were the only type of machine
6608 there used for rolling out gum and that they handled the gum in small lumps of from three to five pounds.

Mr. Aldrich objected, and the objection was sustained. Mr. Lane then made the following offer of proof:

We offer to prove by this witness that the American Chicle Company never used conveyor belts between any gum rolling rolls in their Cleveland plant during the accounting period or prior or subsequent thereto.

Mr. Aldrich objected, and the object was sustained.

The witness said he was familiar with what the Hershey Chocolate Company used for rolling out gum in their chewing gum plant. Mr. Lane asked the witness what kind of rolls were thus used. Mr. Aldrich objected,
(4508) and the objection was sustained. Mr. Lane then made the following offer of proof:

We offer to show by the witness that the Hershey
6609 Chocolate Company in their gum plant used exclusively, from the time they started in the gum business and during the accounting period and for a period subsequent thereto, the single roll type for rolling out gum similar to that used at the Cleveland plant of the American Chicle Company referred to in the last offer, and that this single roll type was substantially like that shown in the Clough & Witt catalog, Wrigley Exhibit 69, Becker 1.

Mr. Aldrich objected, and the objection was sustained. Mr. Lane asked the witness whether he was familiar with the machine used for rolling out gum at the Fleer & Company's Toronto and Philadelphia plants. The witness said he was.

The Master then interrupted Mr. Lane, to ask him whether he thought that the method he was pursuing was necessary to preserve his record, in view of the fact that the Master had made so many rulings against him on this line of testimony. A discussion took place, during which Mr. Lane stated he had not much more of it to offer; whereupon the Master directed him to proceed. Mr. Lane then made the following offer of proof:

6611 We offer to show by this witness that he would subtantiate the statements made in the offer to prove made in connection with the witness Becker on the same subject relative to the same companies.

Mr. Aldrich objected. The objection was sustained.

The witness then continued:

I have a picture of the Price KLM machine that is (4509) used at our factory.

(The witness produced said photograph, and Mr. Lane offered it in evidence. Mr. Aldrich objected. The objection was overruled. Said photograph so offered was 6612 received in evidence and marked Wrigley Exhibit 64, Buck 61.)

6613 Wrigley Exhibit 64: Buck 61.

(4510) Since I was here yesterday I found additional docu- 6614 ments in reference to the Barbieri & Dellenbarger Company agreement to transfer their inventions shown and described in Wrigley Exhibit 64, Buck 1 and 3, that is, patents No. 968,109 issued August 23, 1910, and 968,110 issued August 23, 1910, and having a bearing on the transfer of those inventions and patents to the Zeno Company and their subsequent transfer through the officers of the Zeno Manufacturing Company to the Wm. Wrigley Jr. Company.

The two documents to which I refer are those now shown me, viz, one dated Chicago, Illinois, September 7, 1910, signed by Barbieri & Dellenbarger Co. by C. E. Dellenbarger, President, A. B. Dellenbarger, Secretary, this instrument being acknowledged before a notary September 8, 1910; and one dated February 18, 1911, and executed by Barbieri & Dellenbarger Company by C. E. Dellenbarger, President, Wm. Wrigley Jr. Company by J. H. Patrick, Secretary, and the Zeno Manufacturing Company by A. G. Cox, Secretary.

(Mr. Lane offered the said documents in evidence. They were received in evidence, and marked Wrigley Exhibit 64: Buck 62 and 63, Mr. Aldrich stating that he did 6615 not care to have Mr. Lane go into the question of the proof of the signatures to the documents; and it also being stipulated that the contracts might be copied into the record, with the same force and effect as the originals, subject to the originals being produced when called for.)

(4511) Said Wrigley Exhibit 64, Buck 62 is an assignment 6616-19 dated September 7, 1910 by Barbieri and Dellenbarger

Co. in consideration of $1,000.00 to Zeno Manufacturing Company of all the grantor's interest in patent No. 968109 issued August 23, 1910 for sheet making machine and patent No. 968110 issued August 23, 1910 for process of making sheets. It is a condition of said assignment that if said grantor shall on or before January 15, 1911 repay to Zeno Manufacturing Company said $1,000.00, then the Zeno Manufacturing Company shall transfer said patents to said Barbieri and Dellenbarger Company, otherwise said conveyance shall remain in full force.

6618 Said Wrigley Exhibit 64, Buck 63 is an agreement dated February 18, 1911 between Barbieri and Dellenbarger Company, first party, Wm. Wrigley Jr. Company, second party, and Zeno Manufacturing Company, third party, which recites that the first party has this day assigned to the second party all its interest in patents No. 968109 and No. 968110, each dated August 23, 1910 and Canadian patents Nos. 129644 and 129645, dated December 6, 1910. Said contract contains a further recital that a contract was entered into by the first and third parties dated November 26, 1909. An unrecorded conditional assignment was made on the 7th of September, 1910 whereby the said U. S. letters patent were conditionally assigned to the third part consideration of which the third party paid the first party $1,000 and said contract contained a further recital that it is agreed between said parties of the second and third part that the entire interest in all of said patents shall be assigned, sold and transferred to the second party. The agreement further says that in consideration of $1,000 theretofore paid, the first party, and in further consideration of $3600.00,

(4512) receipt of which is acknowledged, paid by the second party to the first party, the first party has executed four assignments conveying its entire interest in said patents to the second party and the third party surrenders its optional rights as identified in the conditional assignment of September 7th, 1910 and the agreement of November 26, 1909 to the second party.

6620 The Witness Continued: All of our five stick packages of Doublemint gum wrapped during the accounting period were wrapped on the KL and KLM Price machines.

(4513) Aside from the Wm. Wrigley Jr. Company, Limited, of Toronto, and Wm. Wrigley Jr. Company, Proprietary, Limited, of Australia, no Price K, Kl and KLM machines

were built for use by any other company than my company, previous to and during the accounting period. In other words, those machines were only used by such companies as were manufacturing Wrigley brands. Neither Price or the Wrigley Company ever built any Price K., KL or KLM machines for chewing gum manufacturers other than for the Wm. Wrigley Jr. Company.

6621 Referring to the inquiry which Mr. Aldrich made of me during my cross examination as to whether there was any valuation placed on the Price patents at the time of the transaction with the Packing Machinery Company in 1919, at which time I said that I did not know, I will say I have since looked it up.

(Mr. Lane then asked the witness to state whether there was any other or different valuation placed on those patents that is shown on the face of the three cornered contract. Mr. Aldrich objected, on the ground of immateriality and irrelevancy. The Master sustained the objection.

Mr. Lane then asked whether any valuation was placed
6622 on the Price patents at that time. Mr. Aldrich objected, and the objection was sustained.)

(Mr. Lane then asked the witness whether, in giving his value of at least $1,500,000 to the patents, patent rights and invention rights which the Wm. Wrigley Jr. Company acquired at the time of its organization from the Zeno Manufacturing Company, he included the value of
(4514)all of patents, or included merely that which the Wrigley Company acquired under the patents, that is to say, whether the witness placed that valuation upon the manufacturer's rights to use those patents in connection with the gum business as purchased from the Zeno Company. Mr. Aldrich objected. The objection was overruled.)

The witness answered:

6624 My value was on the basis of that acquired by the Wrigley Company.

6625 I have compiled the statement Mr. Aldrich asked me to produce, of the payments made to Price. I have it here. They are payments made in connection with the Price K, KL and KLM machines. The statement is a correct statement based on the books of the Wm. Wrigley Jr. Company, of payments made to Price on account of machines furnished to the Wm. Wrigley Jr. Company and the rights acquired by it for the use of the Price K,

KL and KLM machines. It correctly shows the information purported to be shown thereon.

6626 (Mr. Lane offered said statement in evidence. It was received in evidence, and marked Wrigley Exhibit 65: Buck 64.)

(4515) Said Exhibit shows among other items the dates of the numerous invoices for wrapping machines purchased from Albert M. Price, the first being dated October 18, 1911 and the balance November 2, 1916 and the type and cost of each machine and the dates of payment, the first being October 20, 1911 and the last November 29, 1916 and the aggregate thereof being $228,650.00.

Said Exhibit Buck 64 also contains a statement of profit, participating payments and royalties paid to Albert M. Price, beginning May 1st, 1917 and ending October 8, 1921 and aggregating $165,500.41.

As to whether since filing some of the statements which I have filed in connection with the savings effected by the use of the patented machinery I have rechecked there figures and have a desire to make any corrections therein, I will say, there was one error made consisting of a clerical error which affects the reports as listed in the following exhibits:

(4516) Exhibit No. 21, the figures which appears as $242,167.38 should be $188,476.73;

On Exhibit No. 24 the figure which appears as $242,167.38 should be $188,476.73;

On the same exhibit the figure which appears as $323,096.32 should be $269,405.67;

On the same exhibit the figure which appears as $1,020,681.81 should be $966,991.16;

On the same exhibit the figure which appears as $1,246,407.85 should be $1,192,717.20;

6627 On Exhibit 25 the figure which appears as $242,167.38 should be $188,476.73;

On the same exhibit the figure which appears as $322,141.40 should be $268,450.75;

On the same exhibit the figure which appears as $1,020,681.81 should be $966,991.16;

On the same exhibit the figure which appears as $1,245,452.93 should be $1,191,762.28;

On Exhibit No. 26 the figure which appears as $242,167.38 should be $188,476.73;

And the figure which appears on the same exhibit as $324,051.23 should be $270,360.58;

And on the same exhibit the figure which appears as $1,020,681.81 should be $966,991.16;

And the figure on the same exhibit which appears as $1,247,362.76 should be $1,193,672.11.

(It was then agreed that Mr. Buck should take the original exhibits which had been filed with the Master to which he had just referred, and in the presence of the Master make the changes in red ink on the exhibit he had referred to, and make a notation on each page that the corrected figures were shown in red ink, so that there
(4517) could be no misunderstanding about it.)

6628 The corrections which I have made by my testimony today in the exhibits which I originally filed do not in any affect or change the savings applicable to Doublemint as shown by the original filed statements.

Recross Examination by Mr. Aldrich.

The Zeno Company bought several machines of Dellenbarger & Barbieri, prior to the formation of the Wm. Wrigley Jr. Company of West Virginia. I cannot tell especially how many, without looking it up.

We did not buy any sheeting machines that we did not use. At the time the Zeno Company made its first arrangement with Barbieri & Dellenbarger and up to the time of the merger with the Wrigley Company, I started as purchasing agent, and wound up as assistant factory manager or superintendent. For several years before the formation of the Wrigley Company and the merger of the two companies I had been assistant factory superintendent,—for at least three years. During that time there were several of the Barbieri sheeting machines
6630 in use by the Zeno Company. I cannot state more definitely than that. I think we paid a different price for each machine. For the first machine it is my impression that the price was in excess of $10,000,—perhaps $10,000 to $15.000,—and later I remember specifically of one machine at $5,200 as I remember it, but that $5,200 did not include that part of the machine which is covered by the two Price patents, which has already been referred to.

(4518) (The witness produced the letters which he had had

at the hearing the day before, concerning the purchase of Dellenbarger & Barbieri machines, signed by Dellenbarger & Barbieri.)

I did not find any of the carbon copies of our letters to Dellenbarger & Barbieri, and referred to in those letters I have just handed Mr. Aldrich. I did not look
6631 them up personally, but I had a search made under my direction. All those files have been taken out to the production plant, and the search was made this morning, before I came here. It is possible I may be able to find them by a subsequent search.

(Mr. Aldrich then offered in evidence the three letters which the witness had handed him, signed by Barbieri &
6632 Dellenbarger. They were received in evidence, and marked respectively, Larson Exhibits 169, 170 and 171. It was understood that copies might be substituted for the originals, the originals to be produced if called for.) In Larson Exhibit 169, which is addressed to Zeno Mfg. Co., dated April 7, 1909 the writer says:

"As per our verbal agreement of Apr. 6th inst., we will sell and assign all of the present patents, rights and claims protecting all and any inventions, which we have made or may make, of any part and all of the chewing gum sheet rolling machine, which we have designed and constructed, and upon the design and construction we are now engaged, and of which you purchased one machine 1907-8, and another Apr. 6, inst., and any inventions which we may make in any further work in connection
6633 with this particular machine in the future, all for the sum of $500.00; providing, that, such purchase shall be concluded by your acceptance of this proposition on or before April 16, 1909."

(4519) Reading that I would say that up to the date of that letter two machines had been ordered or purchased by the Zeno Manufacturing Company. The first was in 1907 or 1908. According to this letter we had the day before purchased a second one.

So far as I know there was no specific acceptance ever made of that letter, or the terms proposed.

(4520) Said Larson Exhibit 170 is a letter dated July 9, 1910, addressed to Zeno Manufacturing Co. by Barbieri and Dellenbarger Co., enclosing bill of their attorney for balance due him in prosecuting patents covering the writers' chewing gum machine and the process involved

therein, and the attorney's charges for preparing and filing equivalent applications covering the same in Canada. The letter says that United States patents which have been allowed are serial numbers 427402 and 513563, and that the writers understand that all papers covering the Canadian work are prepared and that they are sending the bill to the Zeno Mfg. Co. in accordance with the agreement that they are to take care of the same, the writers understanding that if the Zeno Mfg. Co. pay the writers $5,000.00 in accordance with the agreement between the parties and option of November 26, 1909, the writers are to transfer to the Zeno Mfg. Co. both the United States and Canadian patents without any additional sum for the Canadian patents and that otherwise the Zeno Manufacturing Co. are to have no rights under either the United States or the Canadian applications or patents.

Said Larson Exhibit 171 is a letter written to the Zeno Manufacturing Company by Barbieri and Dellenbarger Co., dated July 13, 1910, in which the writers say that they had no desire to limit the Zeno Manufacturing Company's rights to use any machines which they purchased from the writers or any which the Zeno Manufacturing Company may at any time in the future purchase from the writers and that the Zeno Manufacturing Co. are to have the right to use or in any manner they wish dispose of such machines at any time the Zeno Manufacturing Co. "exercise our option dated November 26, 1909" or not.

Said Larson Exhibit 172 is a letter dated August 19,
(4521) 1910 written by Barbieri and Dellenbarger Co. to Zeno Mfg. Co. and accepted by the latter, in which the writers, Barbieri and Dellenbarger Co., propose and agree to make for the Zeno Manufacturing Co. a chewing gum rolling machine, to be a duplicate of the machine lately made for them under their agreement of November 26, 1909; this machine to include all called for under the writer's above mentioned agreement and in addition a sheet brushing mechanism, as later made and added to the machine, July 6, 1910, for the sum of $5,200.00. The writers also agree to incorporate in the construction any improvements in the design which may be applied in and tested on any of the machines they have previously made for the Zeno Manufacturing

Company during the period that the machine covered "by this agreement" is under construction, if the changes do not involve discarding work really begun or finished to cause loss. The writers also agree under certain conditions to make, without extra charge, a sugar carrying and elevating mechanism for filling sugar magazines and the writers also agree to complete and deliver the machine in the shortest possible time. The writers ask that there be furnished to them as part payment of this machine $2,000.00, to be paid in monthly installments of $500.00 about the 20th of each month, beginning with August, 1910 and the remainder to be paid on delivery.

(4522) From Larson Exhibit 170 it appears that in the prior year, under date of November 26, 1909, we had made an agreement with Barbieri & Dellenbarger. That
6634 is one of the agreements that has already been put in evidence. Its number is Wrigley Exhibit 64: Buck 59.

The machine mentioned in the contract, of November 26, 1909, marked Wrigley Exhibit 64: Buck 59, is the machine I said we purchased for $2500. That was not the earliest machine we had purchased from Dellenbarger & Barbieri. I have not the contract for the earliest machine, the one purchased in 1907 and 1908, referred to in Mr. Dellenbarger's letter, Larson Exhibit 169.

As to whether the second machine cost $5,000 or $5,200, I will say the letter from Barbieri & Dellenbarger Company of April 7, 1909, covers a proposition of making a machine at a price of $5,000, but inasmuch as there is no indication in this letter that such proposition was accepted, I would not wish to make a statement as to that price.

6635 On re-reading the letter of April 7, 1909, I would say the $5000 only refers to the patents and patent rights, and has no reference to the purchase price of a machine. That is my construction.

As to whether Barbieri & Dellenbarger ever rebought the patents for the thousand dollars named in Wrigley
(4523) Exhibit 64: Buck 63, I will say the patents were never purchased for a thousand dollars. There was a sum much in excess of that amount paid for them.

Barbieri & Dallenberger never exercised their option
6636 to take them back by the payment of one thousand

dollars, and so stipulated in the contract agreement of February 18, 1911. They never bought them back at all.

The paper I hold in my hand is an accepted contract agreement dated August 19, 1910, between Barbieri & Dellenbarger Company and the Zeno Manufacturing Company signed on the part of Barbieri & Dellenbarger Company by C. E. Dellenbarger, President, and accepted by the Zeno Manufacturing Company by A. G. Cox, General Manager.

I am not sure whether I produced that paper and made it a part of the record when I was being examined by Mr. Lane. It was produced as the result of a request on Mr. Aldrich's part to get such papers between Zeno and the Barbieri & Dellenbarger Company as we did. I mean I brought it here because of Mr. Aldrich's request.

6637 (Mr. Aldrich offered the said contract in evidence. Mr. Lane objected. The objection was overruled, and the contract so offered was received in evidence and marked Larson Exhibit 172.)

6638 (Mr. Aldrich then asked the witness which machine it was of the three that were purchased by the Zeno Company that cost ten thousand dollars or fifteen thousand dollars or some other sum. Mr. Lane objected as not proper recross examination. The objection was overruled. The witness answered that it was the first machine purchased by the Zeno Company. Mr. Aldrich (4524) asked to whom such consideration was paid. Mr. Lane objected, on the ground that it was not proper recross examination. The objection was overruled. The witness answered, to Barbieri & Dellenbarger Company. Mr. Aldrich then asked the witness whether he could produce the account showing such payments made. The witness said he could not tell until he looked it up. Mr. Aldrich asked him to look it up. Mr. Lane objected, as calling for information that would not be competent or 6639 material. The objection was overruled. Mr. Aldrich said that he would like to complete payments made by the Zeno Company and the Wrigley Company to Barbieri & Dellenbarger for machines, and that he did not want the proof already in the record of what was paid for the patents.)

The Witness: (Continuing) I never made a statement that the KL and KLM machines were in use by the Wrigley Company at the time of the commencement

of the Doublemint infringement. I said that all the Doublemint gum in the five-stick packages was wrapped
6640 on either the KL or the KLM machines.

As to whether the accounting only embraces the five-stick packages of Doublemint, I will state I am unable to pass on that from memory at this time. The first Doublemint gum in the infringing package was wrapped on the KL type Price machine. We continued to wrap Doublemint gum of the five-stick package type on the KL type machine up to the time we brought in the KLM machine; but by that answer I am not making a statement that we did not continue to wrap some Doublemint gum on the KL machine after we started to use the KLM.

I have injected into my answers the words "of the
(4525) five-stick type" because the KL and the KLM machines wrapped the five-stick package, as commercially used.

It was not my intention to have it understood that
6641 other Doublemint was put out in the infringing dress than the five-stick type. The same machines, KL and KLM, were also used by the Wrigley Company at certain times in wrapping its Spearmint and Juicy Fruit gums.

During the whole infringing period, after Juicy Fruit was brought out by the Wrigley Company, part of the Spearmint and Juicy Fruit gum was wrapped on those machines of the KL and KLM types.

(4526) *Redirect Examination by Mr. Lane.*

6642 Mr. Lane asked the witness whether the price paid Dellenbarger & Barbieri in connection with the machines manufactured for the Zeno Manufacturing Company was taken into consideration in connection with the purchase of the inventions of those two inventors.

Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness what was included in the consideration paid Dellenbarger & Barbieri for the inventions and patents that were purchased from them.
6643 Mr. Aldrich objected. The objection was sustained.

Mr. Lane then asked the witness if there was anything aside from what appears in the contracts that the witness had produced showing the consideration.

Mr. Aldrich objected. The objection was sustained.

6644 Mr. Lane then offered to recall Mr. Buck, who was present, for the purpose of examining him concerning the same matters on which he had been questioned in redirect examination for the purpose of proving in that manner on direct examination, as a recalled witness, the matters which the Master has excluded as a part of the redirect examination. Mr. Lane said that his purpose was to avoid any objection that the said testimony of Mr. Buck was not proper redirect examination.

Mr. Aldrich objected. The Master sustained the objection.

(4527) February 26, 1923.

6647 10:30 o'clock, A. M.

MELVIN M. EMERICH, called as a witness on behalf of Wm. Wrigley Jr. Company, being first duly sworn, testified on direct examination by Mr. Mayer:

My name is Melvin M. Emerich. I live in Chicago. I have lived here thirty-three years. I am in the investment banking business, and am a partner in the firm of

6648 Ames, Emerich & Company. I am in that firm. It has been in existence twelve years. Their principal office is 105 South LaSalle Street, Chicago. The business of Ames, Emerich & Company is buying and selling investment securities and that has been its business since its organization. The business of that firm is national.

We buy bonds and preferred stocks principally, sometimes some common stocks with them, in corporations, and we also buy municipal bonds and these bonds we either buy directly from the corporations or participate with other bankers who have made the purchase, and then we in turn sell them to the public or in some instances to other dealers, by that I mean wholesale and retail. By "wholesale" meaning bonds sold to other dealers, by "retail" selling direct to investors.

We handle the preferred stocks of industrial and public utility corporations of the larger kind, principally the nationally known names, those that have substantial earning records and only those with earning records running over a period of time.

We dealt in many millions of dollars of securities of

the kinds I have mentioned during the years 1914, 1915, 1916, 1917 and 1918.

(4528) Mr. Mayer then asked the witness to testify as to the extent of his company's business.

Mr. Aldrich objected. The objection was overruled, it being understood that the evidence of the witness would be taken subject to the objection of Mr. Aldrich.

The witness continued:

I have prepared a list of securities that were bought by
6653 my firm in 1914, 1915, 1916, 1917 and 1918. I have the statement here, which shows a list of corporations of which we purchased preferred stocks either directly or in connection with other bankers, showing the price at which they were sold to the public. This list does not represent the price the corporation paid. Generally
6654 speaking an average sale of about five points should be deducted from this to arrive at the cost. This list that I have has been prepared and shows the price at which we sold them at retail to the public. Of course, you understand that that is not the price at which the company bought, but, generally speaking, five points would be reasonable for deduction.

By "five points" I do not mean half of one per cent. I mean, for instance, if the securities were sold to the public at par, that it is reasonable to assume that the issuing corporation received approximately ninety-five. That would be a fair average of profit for this type of security.

In other words, by "five points" I mean five per cent off a par of one hundred dollars.

(Mr. Mayer offered said statement in evidence. The document was received in evidence, marked Wrigley Ex-
(4529) hibit 70, Emerich 1, subject to Mr. Aldrich's objection
6655 as to all such class of testimony.)

The information purporting to be shown on Wrigley Exhibit 70, Emerich 1, is correct.

The abbreviation "Cum. Pfd." stands for cumulative preferred stock.

I will state the general characteristics of the preferred stocks referred to in this Exhibit 70. They are cumulative as to dividend, as to assets, either at par or more in case of dissolution, either voluntary or involuntary. Usually there is a sinking fund provided whereby the entire issue will be amortized over a period of years.

This sinking fund is usually a minimum of three per cent, three per cent of the largest amount of the stock at any time outstanding, and up to and in some instances ten per cent and even more, depending upon the earnings.

The corporations named on Exhibit 70 were considered of undoubted securities and there is no instance of any one of them being insolvent.

These securities were what are known as high class
6656 non-speculative. They were known as investment preferred stocks.

The figures under the column "Rate" means the annual dividend rate. As a rule, those dividends were payable quarterly.

The statement under the column headed "Offering price" shows the prices at which the respective securities were offered to the investor, what we term retail sales. In other words, a person buying one share or ten shares or fifty shares or one hundred shares or more could buy on the public exchange the named securities at the offering prices indicated, that is, the original offering price to the public in any amount from one share up.

(4530) The column headed "Yield" indicates the per cent
6657 of income that the public got on the stocks named.

The average yield on the stocks named in Exhibit 70 is about 7.20%. The person who purchased the securities would get that much interest on his investment, that is, the retail investor.

The first purchaser was my firm or others associated with us as a syndicate. Our firm or the syndicate with which we were associated paid on an average about five per cent less for the securities named in Exhibit 70 than the offering price shown on that exhibit. The cost of
6658 issuing the securities is borne by the issuing company, the expense of issuing the securities is borne by the issuing company.

To take an illustration, the first company named on Exhibit 70 is National Cloak & Suit Company. My firm bought its cumulative preferred stock which paid 7% quarter annually a year, sold it to the public, and the public paid 98 for a hundred dollar share, and the purchaser got 7.14% on his investment. The National Cloak & Suit Company received less than $93.00 a share for its preferred stock from my firm. In that instance they also sold some common stock.

The last concern named on Exhibit 70 is Armour & Company, 7% cumulative stock. There is a memorandum there "Conversion for notes par for par". I will explain
6659 that memorandum: The Armour Company issued notes convertible notes, the holder of which had the right to convert them into the preferred stock of the company which paid seven per cent. The notes were six per cent notes, the holder of which had the right to convert them into 7% stock, at his option. Those 6% notes were sold
(4531) to the public at a discount. The yield to the buying public in buying those 6% notes was more than 6%. Armour & Company got less. This was to the public. Armour & Company—I am not prepared to state the exact yield to Armour & Company at this time; however, I
6660 could check it up and find out.

I can get you the information as to what they sold to the public for and what the syndicate terms were. Armour & Company got a little less. The original banker made a profit there.

I was posted from time to time as to the general market of securities during the accounting period, and the prices at which they were selling on the New York and Chicago stock exchanges. New York is the principal exchange in
6661 the country, and there is a question as to the position of the Chicago exchange as to its importance.

This list of securities shown on Wrigley Exhibit 70 is fairly representative of securities of the highest type that were on the market during the times stated on that exhibit. The Armour notes were sold to the public at an average yield of 7.15%. The price varied. They were serial notes. There were sixty million dollars of them maturing from one to six years, making an average of three and one-half years, and that made an average price of 96½ and they yielded 7.15%, and at the price which they were sold to the syndicate cost Armour & Company 7.80. Now, how much more than that I don't know because there was an additional profit made before we got into the deal.

We were a member of the syndicate that bought those
6662 notes. The purchasers of the notes from Armour & Company were some bankers. These bankers resold the
(4532) notes to what I have called the syndicate. At a profit above what the bankers paid Armour & Company. The syndicate bought the notes at 94½. That would yield 7.80.

I do not know on what basis Armour & Company sold those notes. It was a higher yield basis than 7.80. In other words, the banks that bought the notes from Armour & Company were on a basis which made Armour & Company pay more than 7.80 for the money. Those notes were 6% notes convertible into 7% stock.

6663 What I have said with regard to the method by which Armour & Company sold its notes to some banks and by which they were resold by the banks to a syndicate and then by a syndicate to the retail buying public is illustrative of the method in which securities are purchased from large successful manufacturing and public service concerns during the accounting period and since.

My firm also bought some bond issues during the accounting period, from different types of concerns including the public utilities. I have a list of them here. Without going into details I can state that it cost those concerns in order to sell their bonds during the accounting period about 6¼%.

(Mr. Aldrich did not cross examine.)

6664 FREMONT B. HITCHCOCK, called as a witness on behalf of the Wm. Wrigley Jr. Company, being first duly sworn, testified as follows, on direct examination by Mr. Mayer:

My name is Frement B. Hitchcock. I live at Highland Park, Illinois, and have lived there the last fifteen years or more. I am in the business of investment banker. The name of my concern is F. B. Hitchcock & Company. It (4533) was a firm until 1919 and then incorporated. I am the 6665 F. B. Hitchcock of that firm. The concern has been in business since the fall of 1906. Our business has been principally buying industrial stocks and bonds and reselling them to the public. That was our business in 1914, 1915, 1916, 1917 and 1918, except that part of 1918 when our business was practically shut down due to our men being in the service.

I know what leading successful corporations of the highest credit and financial stability had to pay when they issued bonds during 1914, 1915, 1916, 1917 and 1918 on an average. Our institution did business with concerns of that character and bought bonds from them. I was familiar as to what the usual fair, reasonable amount that was

paid for money by concerns of the character described. I can state what the average rate was at which the borrowers sold their bonds to us during 1914, 1915, 1916, 1917 and 1918.

The prices at which those concerns sold their bonds were fairly representative of the value of money to the
6666 high class concerns in this country during those years.

(Mr. Mayer then asked the witness to state what was the usual, reasonable, fair market rate that concerns of the character described paid in order to sell their bonds during the period named.

Mr. Aldrich objected. The objection was overruled. The witness proceeded subject to Mr. Aldrich's objection to all such line of testimony.)

They paid from 7.25 to 7.65%.

The percentages by years were as follows, 1914, 7.25%; 1915, 7.48%; 1916, 7.20%; 1917, 7.33%; 1918, 7.65%.

Our transactions in bonds during the period named
(4534) ran into millions.

I was familiar with the general market quotation of bonds and stocks of the highest grade of manufacturing
6667 and public service institutions in the country during the period named.

My concern bought preferred stock in the years 1915, 1916 and 1917, but none in 1914 or 1918.

During the three years named when we handled preferred stock it was stock of either manufacturers or jobbers located right in the immediate vicinity of Chicago. All of the concerns from which we bought either bonds or stocks during the period named were reputable concerns whose business was flourishing and profitable and whose securities were undoubted. I think all but two of those issues have since been paid off in their entirety.
6668 The preferred stocks which we purchased I believe were fairly representative of the preferred stocks of successful companies. They were bought by us in competition with other dealers and we had to pay the market. The preferred stocks which these concerns sold to us in 1915, 1916 and 1917, were all 7% cumulative preferred stock and were sold to us at various discounts based on the amount of discount yield, 7.36% in 1915, 7.48% in 1916 and 7.21% in 1917, and the average cost to the concerns
6669 who sold us their preferred stock in 1915, 1916 and 1917, was 7.34%.

I have figured the average cost to the concerns from who we bought bonds and stocks in 1914, 1915, 1916, 1917 and 1918, and those averages by years are 1914, 7.25%; 1915, 7.42%; 1916, 7.34%; 1917, 7.26%; 1918, 7.65%. The average of those five percentages which I have last given is 7.38%.

Those averages that I have given are fairly representative of the market prices for bonds and preferred stocks
(4535) during the period named.

I am familiar with the rates that were prevailing during the accounting period for securities of different kinds as indicated by the stock market quotations. I was a member of the Chicago Stock Exchange until 1919.

6670 The question of when was the peak of the high interest rate is rather hard to answer. In 1914 immediately after the war the New York and Chicago stock exchanges were closed and trading was suspended and there was very little trading done. Then the market opened and we recovered somewhat, and I think in 1917, after we had declared war against Germany, from then on until the end of the war, that the highest prices prevailed.

As to how the prices in 1914 compared with 1908, I will say that there again you are asking me to quote the market after we had recovered from the panic of 1907. I could not answer that without looking it up. That goes back too far for me. I think the market in 1915 would compare about favorably to 1912 and 1913. I would not want to say how 1915 compared with the years previous to 1912 or 1913 because I don't remember it.

6671 I will say that the rate from 1910 to 1914 was much lower than it was during the war. The rate from 1910 to 1914 was lower than it was from 1914 to 1918 inclusive.

In other words, a person who wanted to issue preferred stocks or bonds covering the period from 1910 to 1914 inclusive could get it for less than a concern would have
6672 to pay on an average from 1914 to 1918 inclusive.

(4536) February 26, 1923.
2:15 O'clock P. M.

FRANK L. SESSIONS, called as a witness on behalf of the Wm. Wrigley Jr. Company, being first duly sworn, testified on direct examination by Mr. Lane:

My name is Frank L. Sessions. I live in Lakewood, Ohio, a suburb of Cleveland. I am a consultation engineer with offices in the Kirby Building.

I have had occasion at the request of Mr. Lane to examine the gum sheeting, scoring and wrapping machines of the Wm. Wrigley Jr. Company at its manufacturing plant in Chicago. I understand the general construction and operation of those machines. In that connection I have had occasion to compare the patents No. 968,109 dated August 23, 1910, 865,158 dated July 26, 1910, 968,110 dated August 23, 1910, and 992,590 dated May 16, 1911, with the machines used at the plant of the Wm. Wrigley Jr. Company in connection with its manufacture and wrapping of gum. I was educated as mechanical engineer at the Worcester Polytechnic Institute, Worcester, Massachusetts, where I received my bachelor's degree in 1889 and received my degree of mechanical engineer in 1909 upon presentation of a professional thesis and examination by the faculty. I have since my graduation in 1889 been continuously engaged in the practice of my profession in various occupations, at first as a machinist and inspector and draftsman for the Deane Steam Pump Company at Holyoke, Massachusetts, and later as draftsman and mechanical engineer for the Fort Wayne Elec-
(4537) tric Company, Fort Wayne, Indiana, as mechanical engineer for the Sieman & Halsey Electric Company of
6674 America at Chicago, chief engineer of the Jeffery Manufacturing Company, Columbus, Ohio, general superintendent and engineer of the Standard Welding Company at Cleveland, and since 1913 have been engaged in independent consultation engineering work at Cleveland. During all of my professional experience I have had to analyze structures and design, manufacture and test machinery, and have served as expert witness in a number of patent litigations and in several damage suits.

I have examined the sheeting and scoring machine

which has been in use at the Wrigley Company's plant since its incorporation in 1911 and which is partially shown in Wrigley Exhibit 65: Buck 7 and Buck 8, and I am familiar with it. I have seen that machine in operation in the manufacture of gum.

(Mr. Lane then asked the witness the following question:

6675 I call your attention to the Barbieri patent 968,109 of August 23, 1910, Price patent 965,598 of July 26, 1910, Barbieri patent 968,110 of August 23, 1910, and Price patent 992,590 of May 16, 1911, being Wrigley Exhibit 64: Buck 1 to 4 respectively, and ask you to state how the structures and processes of manufacture of gum shown and described in these patents compare with the machine used at the Wrigley Company's plant for the manufacture of gum which you have examined and which has been there in use continuously since the incorporation of the Wm. Wrigley Jr. Company in 1911.

Mr. Aldrich objected. The Master overruled the objection on Mr. Lane, stating that the purpose was to show

6676 that the structures which were used by the Wrigley Company in the manufacture and the wrapping of its gum

(4538) were built under the patents referred to.

The Master stated that it was understood that all of the witness' testimony was subject to the objections that Mr. Aldrich had theretofore made to such line of testimony and that he need not repeat his objection, unless there was something in some particular question that would call for an additional objection.

Mr. Lane said that he was insisting that the objections be specific.)

The witness continued:

6677 Patent 968,109 to Barbieri is for a sheet making machine. The specification describes a structure such as I found embodied in one or more machines at the plant of the Wrigley Company and the structures described in the claims of the patent, particularly as to claims 3 and 4, are very clearly found embodied in the machines in use at the Wrigley plant which I examined.

6678 Patent 968,110 to the same inventor covers the process which is followed in the use of the machine shown in patent 968,109 which I just mentioned. The process described in the specification and claims of this patent 968,110 is

very exactly followed in the machines which I found at the Wrigley plant.

Patent 965,598 to Price is for a sheet gathering machine. In this machine the gum which has been scored and trimmed is gathered in stacks of sheets upon a revolving or a series of revolving tables automatically while the gum is being rolled out from such a mass as is shown in the Barbieri patent 968,109. I found the machines which I examined at the Wrigley plant to be very clearly and fully described in the specification of this patent, and
(4539) the claims of this patent describe such a structure and the operation of such a structure as I found at the Wrigley plant.

The Price patent 992,590 is for the process of manufacturing chewing gum which is followed in the use of the Price machine patent 965,598 to which I have just previously referred. This process is also followed in the operation of the machines at the Wrigley plant, the specification and claims describing very clearly this process which I saw there at the Wrigley plant.

6679 The Barbieri machine shown in patent 968,109 is a machine for rolling the gum into a sheet or belt perhaps eighteen or twenty inches wide and of indefinite length, depending upon the amount of gum that is started in the hopper originally, and this machine rolls out this sheet or belt continuously as long as there is gum in the hopper. At the discharge end of this machine there is connected in the machines which I examined at the Wrigley plant a machine such as that which is shown in the Price patent 965,598 which receives the belt or sheet of gum as it is projected from the Barbieri sheet forming machine and in a very ingenious way the gum is broken, having been scored crosswise of the belt, the gum is broken by tension so that it is deposited upon a series of revolving tables or trays automatically as each tray comes under the discharge end of the machine. So that these two machines, the Barbieri and Price, are combined to make a continuous operating machine producing gum in sheets perhaps eighteen or twenty inches square, scored both longitudinally and transversely into plates the size of the ordinary chewing gum stick, continuously as long as there is gum in the hopper supplying it.

(4540) As to how the Barbieri method of patent 968,110, and the Price method of patent No. 992,590, utilized in this

6680 combined machine, I will say they are both followed with great exactness, that is, the method which is described in the Barbieri patent 968,110 is followed in the machine up to the point where it delivers the sheet of gum to the Price machine, thereafter as the sheet moves through the Price machine the method or process is that of the Price patent 992,590.

The advantages and objects stated in these various patents, Wrigley Exhibit 64; Buck 1, to 4, respectively, are fully utilized in the machines used in the manufacture of gum at the plant of the Wm. Wrigley Jr. Company which I examined.

The objects and advantages of both the Barbieri and of the Price patents are fully utilized in the machines which I saw at the Wrigley plant. There are some features of the Barbieri machine which are not utilized, but the advantages accruing to those features which are not utilized are more fully developed and utilized in the Price machine.

The great outstanding advantage that impressed me
6681 upon my examination of these machines of the Barbieri and Price patents as I saw them in use at the Wrigley Company's plant, utilizing the methods of manufacture stated in the Barbieri and Price method patent, just described, was the remarkable output, in fact, the tremendous output of gum from a machine which occupies such very small floor space relatively, and the accuracy and exactness with which the machines operate, and the continuity of operation. There are practically no interruptions of the operation during the operation except due to the exhaustion why the machine failed to deliver. The gum was of remarkable exactness in thickness and in di-
(4541) mension and there was practically no loss from any miscarriage of the gum that I observed during their operation.

As to whether one statement that I have made would lead one to infer that the gum was not fed continuously into it, I will say, as a matter of fact, they put batch after batch into the hopper, so that it is continuously fed, but I observed that there were times during my inspection, there were one or two occasions when the gum was exhausted in the hopper and the machine shut down. Now, that may have been due to the end of the run, that it was

in that way not continuous, but as long as there was gum in the hopper it continued to operate.

I personally saw continuous operations there with batch after batch of gum. That is, while some of the gum
6682 was being run through the sheeting machine and there was some still left in the hopper additional gum was placed in the hopper so that the operation was continuous from start to finish.

That operation could be maintained as long as the gum was continuously fed into the hopper.

My attention being called to Price patent No. 1,185,822 of June 6, 1917, (application filed April 8, 1913) and Price patent No. 1,109,461, dated September 1, 1914, (application filed August 13, 1913), I will state that I am familiar with the structures shown, described and claimed in these patents. I have seen the machines such as are shown in these patents in operation at the plant of the Wrigley Company in Chicago, the plant to which I have already testified.

In the shop nomenclature they were known as the
6683 Price K machine and the Price KL machine, patent
(4542) 1,185,822 being the Price K machine and patent 1,109,-461 being the Price KL machine.

The Price K machine is a gum wrapping machine. It performs the following operations in the sequence that I will name them: It wraps each individual stick of gum with a piece of paraffin paper, folds the ends of the paper over the side of the gum, it then wraps a labeled band around the stick which has been so wrapped with paraffin paper. This labeled band is not glued or gummed in any way, but five sticks of gum so wrapped with two papers, the one paraffin and the one ungummed label, are counted by the machine and assembled in a bunch or stack, then a printed label band is wrapped around the five sticks, that is around the bundle, and it is glued or gummed securely
6684 about the package of gum.

The Price KL machine performs the first named operations in the same way, that is, each individual stick of gum is first wrapped with a piece of paraffin paper and then with a loose printed label, that is, the label is not glued. Five of these sticks of gum so wrapped are counted by this machine and the bunch is wrapped with heavily paraffined paper which is folded neatly at the ends and sealed by an electric heating device which causes

the paraffin of the overlapping layers of paper to run together and virtually hermetically seal the package. The sealed package is then wrapped with a printed label or band which is glued so that it will not unwrap.

The KLM machine is similar to the KL machine, but the additional feature is provided for gluing the labels upon the individual sticks of gum. That is, the K and the KL machines do not glue the label bands upon individual sticks, the KLM machine does glue the individual bands upon the sticks.

(4543) The KLM then has all the operations of K and KL, and the added one of gluing each individual stick.

6685 The K machine is shown and described in accurate detail in patent 1,185,822. This patent is dated June 6, 1916, and the application was filed April 8, 1913. Each of these claims of this patent finds a fully responsive structure in the machine that I examined at the Wrigley plant, and I questioned Mr. Price as to this rather remarkable fact, and the reason was very obvious when he told me that the machines were built before the patents were solicited, and naturally the patent described the machine as it was built, so that those claims all read upon the K machine. Most of the claims of this patent read also upon the KL machine and many of them read upon the KLM machine. There are thirty-one claims in the patent.

Of patent 1,109,461 of September 1, 1914, (application filed August 13, 1913) the claims are directed to the struc-

6686 tures found in the KL and the KLM machines for the reason that your Honor will recall that the KL and KLM machines have additional features not found in the K machine. The details of the machine shown in this patent are very faithfully reproduced in the machines.

While I was there I saw a machine known as the Redington machine. I noticed the comparative results of the Price K, KL and KLM machines so far as the wrapping of gum is concerned as compared with the Redington machines.

I timed quite a number of the Price machines, particularly the Price KLM machine, and I found that each of them delivered 130 packages of gum of five sticks each per minute, making 650 sticks of gum per minute, 7800

(4544) packages of gum per hour. The Redington machine which I saw operate was operating at a speed of wrapping 160 individual sticks of gum per minute. It is not a

packaging machine, the machine merely wraps individual sticks and does not count them and put them up in packages. It was the equivalent of 32 packages per minute, but the wrapping of the packages was not performed in the Redington machine.

6687 The outstanding characteristics so far as the wrapping of gum was concerned on these Price K, KL and KLM machines as compared with the Redington machines in operation at the Wrigley plant were that they performed several more operations and operate much more rapidly than the Redington machine. That is the Price machines deliver the gum in packages whereas the Redington machine delivers it in separate sticks.

The Price machines which I observed delivered 130 packages of completely wrapped and sealed gum per minute. The Redington machine which I observed delivered 160 individual sticks of gum wrapped with paraffin paper and a label.

There were 650 sticks per minute counting the sticks in the Price machine and 160 per minute in the Redington machine, but it should be remembered that the Redington machine does not count and wrap five sticks of gum together. The Price machine counts and wraps the gum in

6688 packages of five sticks each, and self seals them as well.

The Price K, KL and KLM machines wrap each individual stick more perfectly than the Redington machines wrap those sticks.

I noticed the difference in the number of girls required for wrapping a complete package of gum on the Price machines and with the Redington, with its complements, the Condon and the Bander machines.

(4545) On the Price machine two girls are employed, one to stack the chewing gum in a hopper and the other to take away the packages of gum and place them in boxes. On the Redington machine two girls were employed and upon the counting and wrapping machine, which required, if the gum be put up in packages of five sticks each, two girls were employed on each, making six girls altogether upon the three machines, but the output of the three machines used in the one case as against the one Price machine was such that two girls on the Price machine produce an output equal to that of ten and one-third girls on

6689 the combined three machines, which included the Redington and the counting and banding machines required

to put the gum into packages. So that each girl on the Price machine accomplishes an output equal to that of five and one-sixth girls on the combination machines.

The only operation that is not covered in the Price patents by the operation of the mechanism shown in Wrigley Exhibit 64, Buck 5 and Buck 6, Price wrapping machine patents, is the single feature of gluing the bands around the individual sticks of gum when the other operations are being performed.

Mr. Price and Mr. Buck showed me these sheeting machines at the Wrigley Company's plant, also the gum wrapping machines concerning which I have testified. Mr. Price is one of the inventors of various of the patents which I have referred to and Mr. Buck is the factory manager of the Wrigley Company. I am referring to A. M. Price and Nelson L. Buck.

6690 (It was stipulated that the machines which Mr. Sessions testified to having seen at the Wrigley Company's plant were the same ones concerning which Mr. Buck testified, and upon which he based his valuations and savings.)

(4546) February 27, 1923.

6691 11 o'clock, A. M.

Mr. Aldrich stated that he wanted to renew his motion to exclude all of the Buck testimony and also the testimony given by Mr. Sessions on the previous day. The consideration of the motion was postponed because there were witnesses present whom the Wrigley Company desired to interrogate.

6693 WILLIAM HENRY STANLEY, recalled for further examination, resumed the stand and testified on direct examination by Mr. Mayer:

My attention being drawn to a foot note on page 18 of the original accounting filed by the Wm. Wrigley Jr. Company indicating that no deductions were made in the filed accounting for any cash donations or subscriptions for public or war or charitable purposes which the foot note says amount to approximately $280,000 from July 28, 1914, to August 24, 1918; and my attention also being drawn to the fact that while I was giving my testimony

on that subject matter I stated that many of the items
6694 included in the so-called donations were items which in my opinion had been expended for advertising expenses and for trade expenses, I will say that I have examined the records of the Wm. Wrigley Jr. Company in connection with that subject matter.

A separate account is not kept in the general ledger of these items. They are thrown into the account called advertising. There is an account headed "Donations" on our books. In the subsidiary book of the section of the advertising account there is an item headed "Miscellaneous donations", and so forth. I have gone through
(4547) that account so as to segregate therefrom items which in my opinion were expended for advertising purposes or for advancing the interests of the Wm. Wrigley Jr. Company in the sale of its gum and were so disbursed during the accounting period and none of which have appeared in any of the accounts filed by the Wm. Wrigley Jr. Company.

I have prepared a statement of items answering the description in your last question. The statement which I now produce includes or is intended to include the items embraced in the $280,000 at the foot of page 18 of the Wrigley stated account.

(Mr. Mayer then offered the statement in evidence. Mr. Aldrich objected on the ground that it was immaterial, irrelevant and incompetent; and also on the ground that the foot note at page 18 amounted to a waiver or admission on the part of the Wrigley Company that they are not entitled to credit in this account for donations so made, and that the Wrigley Company cannot now at this stage of the litigation seek to add into the cost of this Doublemint gum the amount there named or any part thereof.

6695 The objection was overruled.

Said statement headed "Summary" was received in evidence and marked Wrigley Exhibit 71: Stanley 1, sheets 1 to 8 inclusive.

The Master then stated that the record would show that Mr. Aldrich was objecting, for the reasons he had just stated, to each and every question that was asked concerning the statement.)

Mr. Mayer then referred Mr. Stanley to Wrigley Ex-
(4548) hibit 71: Stanley 1, and asked him to explain what

the first item indicates: "King's Information Bureau $15.00" under August, 1914.

Mr. Aldrich objected on the ground that said charge
6697 was not a proper charge, and that charitable donations or payments made to the Information Bureau are not a proper charge against Larson & Company in this accounting.

The Master overruled the objection on the ground that it was a preliminary question.

The witness continued:

The item "King's Information Bureau $15.00" refers to a contribution we make to a firm of that name, King's Information Bureau, and we receive from that bureau any information that we may require as to the genuineness or otherwise of programs that are put out by various associations, and advertising in booklets. A commercial firm today is pestered to death with all sorts of inquiries for advertising in all sorts of booklets of unions and small associations, and this bureau undertakes to give
6698 us the exact information as to whether it is a legitimate object or otherwise.

They inform us as to the nature of the applicant, the nature of the business of the applicant, also whether the money goes to the purpose for which it is intended or whether the program will be definitely printed and the people back of the whole undertaking, as to its genuineness.

(Mr. Mayer then asked the witness concerning the next item, $15.00 paid to the Switchmen's Union of North America.

Mr. Aldrich objected and the Master stated that it would be understood that the objection of Mr. Aldrich to the testimony concerning the King's Information Bureau
(4549) would stand to all this class of evidence.)

The witness continued:

The item of $15.00 to Switchmen's Union of North America is an amount we paid to that union, and that union is a union of employes that does the switching on the C. J. Railway. The C. J. Railway at that time handled our goods from the plant to the main lines. The Switchmen's Union is composed of people responsible for the switching, the handling of the cars from our factory, and as a matter of business we contribute to the programs,
6699 and so forth, that they get up, small sums.

(Mr. Mayer then asked the witness whether in his opinion that disbursement was to the advantage of the business of the Wm. Wrigley Jr. Company.

Mr. Aldrich objected. The objection was sustained.)

The next item, $60.00, Standard Opinion, one year's advertising, is for advertising in a paper called Standard Opinion. We provide the paper with a few cuts of our different brands of gum and they put them in just as they please and with regularity, but where they please. The Standard Opinion was published in Chicago. I cannot give much information as to what class of persons it is circulated among. I know it is more of a political paper than otherwise.

Take the next item, $5.00, United Commercial Travelers: The United Commercial Travelers is an association to which traveling men belong and some of our salesmen are members of this association. They have conventions and issue programs and booklets, and so forth, and we contribute because in the first place our own salesmen,
6700 some of them, belong to the union or association of United Commercial Travelers, and secondly for the ad-
(4550) vertising and the effect it has upon the travelers of our own customers who are also members of the association.

The principal aim and object of the United Commercial Travelers is to look after traveling men and their interests, to watch that they are not gouged in hotel rates which of course would be reflected in our expense account for hotels, and also to protect them as far as railway tickets, and so forth, are concerned with the attempt to reduce those expenses as much as possible.

The next item, $2.50, Miss Laura Ramsey, is a straight advertisement in a small cook book produced by Miss Laura Ramsey. The items there are so small of that nature that it does not pay us to carry them in a separate account and therefore we throw them into the miscellaneous under advertising.

Taking the next item, $15.00, Store News. That is a small magazine issued in the interests of retailers, and to encourage them at the commencement we advertised to
6701 the extent of $15.00 in the booklet. The retailers interested in that are confectioners, grocers, druggists, all customers that handled our goods.

Taking the next item, $50.00, The National Association of Traveling Men: That is an association very similar in purpose to the United Commercial Travelers Association, and for the same reasons we made the donations or contributions. I believe some of our eastern traveling men are members of that National Association of Traveling Men, but the effect we want to create by the contribution is the effect that is caused on the total associate membership because these salesmen who are members of the National Association of Traveling Men are employes of
(4551) wholesalers, and we are interested in them selling as much of our products as we can get them to.

These wholesalers, or some of them, are concerns that handle our gum. That was true at the time of that contribution in August, 1914.

Taking the next item under date of September, 1914, Chicago Business Agents, Ad in program, $25.00, I will say that that is an advertisement in a program which was
6702 produced by the Chicago Business Agents, purely straight advertising. When I speak of an advertisement I mean an advertisement of Wm. Wrigley Jr. Company's business. At that time it would have been an advertisement for Wrigley's Spearmint.

Taking the next item, "Apothecary Publishing Company, $12.50, the Apothecary Publishing Company publishes a yearly list of merchants and where certain goods can be purchased and we had our name inserted in that book in September, 1914, which cost us $12.50. My company did a very large business with apothecaries at that time, and during the entire accounting period. An apothecary is one of the usual places at which our gum is on sale.

Regarding the next item, "Union Labor Advocate $52.00: The Union Labor Advocate is a weekly publication published in the interests of union labor and the item $52.00 is payment for one insertion every week over
6703 a period of a year of a Spearmint advertisement.

The next item on Wrigley Exhibit 71 is the Chicago Band Association. That's an association I think without profit that provides music for the parks, prints, programs and holds musical entertainments in the parks where the
(4552) people can enjoy themselves. Our primary object there is that the parks are provided with booths where

our goods are sold and they attract a quantity of people and thereby we derive benefit from the contribution to the Chicago Band Association. This association publishes also at regular intervals the list of donors and circulates such list amongst the business community of Chicago.

The next item of $25.00 is for an advertisement in the Year Book published by the International Association of Boiler Inspectors, an advertisement covering Wrigley's Spearmint.

The next item is Illinois National Guard, $50.00, a contribution made to the National Guard in connection with
6704 meetings they hold or conventions or get together meetings, and they publish lists of the donors covering the expenses of such meetings. The commissaries of the National Guard, of course, are asked to handle our goods when we make such contributions.

They sometimes handle our goods direct, and sometimes they sublet the concession to others.

These meetings for which we make those contributions bring together crowds of people in places where our gum is sold.

The next item, under November, 1914, is the National Wholesale Druggists' Association, $20.00. We are a member of the National Wholesale Druggists' Association and pay yearly dues and receive therefor information as to the latest laws under the Food and Drug Acts and such laws as are being issued by the Treasury Department that might affect our business.

Our business does not come under the Federal Food and Drug Act, but we come under the State Food and Drug Act.

6705 The next item is J. S. Brown Mercantile Company, $25.00, and is a contribution we made to one of our cus-
(4553) tomers. We put it under the miscellaneous advertising account so as to keep it away from the item of trade discount, it not being a regular item and not a trade discount.

The next item is $10.00 for an advertisement in the program of Modern Home Maker, a small program issued by some, I believe, churches in New York to whom we gave a small advertisement of Wrigley's Spearmint.

The next item thereafter is $12.50, the United Commercial Travelers, for an advertisement in program. The

United Commercial Travelers is a repetition of the United Commercial Travelers that I explained about under the caption August, 1914.

Under December, 1914, the first item is Belgian Food Relief, $100.00. This was a contribution we made to the New York Committee for the relief of distress in Belgium just immediately after the opening of the European War. One of our objects in doing that was that lists were very widely published and it became generally known in Belgium who was contributing toward the object in view, and as we had an office in Brussels at that time, we of course were interested in getting any advantage there
6706 might be obtained from contributing to the Belgian food relief fund. I believe Secretary Hoover was at that time the head of the Belgian relief fund.

At the office that we had in Brussels at that time we carried a stock of our products and were trying to sell Spearmint and Doublemint to the Belgians in the usual commercial way.

That contribution of one hundred dollars to which I have just referred was intended as a business contribution and separate and apart from any contribution that
(4554) Mr. Wrigley may have personally made.

The next item under the caption "December, 1914" is S. O'Donnell, Trades Union Edition, $100.00. That is for an advertisement by the Wm. Wrigley Jr. Company in
6707 the Year Book issued by the Building Trades Unions.

Under January, 1915, $10.00 to the Chicago Band which is a repetition of the similar item appearing before.

The next item is $25.00 to the Confectioners Benevolent Association. That is an association of the retail confectioners all of whom handle our products, and this is a contribution made to them as on their direct request by delegation.

The Confectioners Benevolent Association I believe takes care of those members of the Confectioners Association who should suffer from illness or otherwise and tries to bring them back to health to take charge of their business again.

That association publishes a list of contributors.

The next item is the Chicago Society of Nurses, an advertisement in their directory. My present recollection is

that that is a directly of the Nurses Associations and the individual nurses in Chicago.

We gave them fifteen dollars for the Wrigley advertise-
6708 ment in said directory.

The next item is Federation of Nebraska Retailers, $10.00. The various states have state associations or federations of the retailers in that state. As the majority of the retailers are customers of ours, we are appealed to for donations to help along the convention or the work for the education of the retailers, and the ten dollar item is for that purpose.

(4555) We may or may not sell our products at the convention, but the booklet which is published always prominently brings forward the names of those who have contributed toward the holding of the convention.

Chicago Association of Drug Clerks, an item of ten dollars paid in March, 1915, is to an association of those who are really responsible for the handling of our goods in drug stores to the customers.

The next item, Soda Dispensers, $5.00, is of a similar nature to the Chicago Association of Drug Clerks.

February 27, 1923. 2 o'clock P. M.

6709 To proceed with the explanation of the disbursements shown on Wrigley Exhibit 71, Stanley 1, at the point where I discontinued at this morning's session, under the caption "April, 1915," there is an item "Druggists Cocked Hat League, $10.00," and that is a donation we make yearly to the druggists of St. Louis, who are banded together and have entertainments and prizes are put up and the $10 is the Wrigley prize.

The prize is known and designated as the Wrigley prize. I am not sure whether gum is sold at the meetings or not, but all these druggists are customers of ours and it is a well known fact that Wrigley is supposed to
6710 contribute. When I say Wrigley I mean the Wm. Wrigley Jr. Company.

Under May, 1915, is the Battery "B" House Fund of $100. That is a contribution towards the installation of the Battery "B" where our goods are sold, and in connection with which they furnish a programme and a year book.

(4556) The name of our concern is mentioned in that programme and year book.

The next item is Chicago Association of Commerce, $50. That is our yearly dues to the Chicago Association of Commerce, which is a trade association in which the merchants of Chicago are banded together for their mutual benefit.

The Chicago Association of Commerce publishes a monthly magazine of business conditions and business ideas, new business laws, and the Chicago Association of Commerce has many departments with which we come in close contact, such as the Traffic Department and the Foreign Trade Department.

In my opinion that $50 is an essential expense, because the information we obtain from them is essential to our business and, furthermore, the advantage we have in the association is by the combination of the manufacturers
6711 and merchants of Chicago in any application that might be made for traffic regulations or foreign trade, credits or laws relating to business.

The next item is the Chicago Grocers and Butchers Association, $3.75. That is the local association of Grocers and Butchers, many of whom handle our products. That is in connection with their year's convention and dance, for which a programme is issued and mention made of our donation.

The next item is Press Club of Chicago, $50. The Press Club is an association of the writers on the Chicago papers and through the members of this association the Wm. Wrigley Jr. Company receives quite a quantity of publicity in the newspapers.

The next item is the Retail Merchants Association, $25, which is similar to an item of like character men-
(4557) tioned before,—Federation of Nebraska Retailers, under January, 1915.

Under June, 1915, there is an item for the Fair Employes' Benefit Association, $1.50. The Fair refers to the large department store at Chicago, where our goods are sold, and this benefit association is in connection with the employes of the Fair and an application for this small amount is made yearly by the buyer of the candy department.

That is the department that handles our gum.

6712 The next item is R. H. Donnelley, 11th Annual Convention Fund and is in an amount of $1,000. This is a subscription we made to the convention of the Associated Advertising Clubs of the World that was held in Chicago in 1915. There was a parade held in connection with that convention where we used the whole Battery "B" dressed up with costumes representing the Wrigley Spearmint.

R. H. Donnelley was the gentleman who was appointed by the local committee of the Associated Advertising Clubs of the World to gather funds for the convention.

That convention aided in advertising and selling our product. They had the large parade I mentioned before that paraded the streets of Chicago, and a great deal of publicity was given to the affair, and in addition to that we are members of the Associated Advertising Clubs of the World and use the information gathered by that association in connection with our advertising.

As to the type of information that we got from that association in a general way, I will say, rates of news-
6713 papers, news about newspapers, magazines, books and one of the principal objects of the Associated Advertising
(4558) Clubs of the World is fair practices in advertising.

The men and the horses of Battery "B" were in the parade, the men dressed up as Wrigley's spearmen and each carrying a lance, with a flag thereon advertising Wrigley's products.

There was a great deal of publicity, of course, in connection with the parade and the convention.

The Wrigley Company got a great deal of publicity out of it. They distributed our products during the parade and at the convention.

The next item is the Jobbers Confectionery Association, $10, the Jobbers Confectionery Association being a local association of the wholesalers that handle our goods. The association, I presume, is banded together for their mutual interests in a business way. They, of course, publish the usual yearly list, with donations therein.

They also mention the names of the donors.

6714 The next item is $5 under June, 1915, the Switchmen's Union of North America. This is an item similar to the one that was previously explained and appears at regular intervals through this list of miscellaneous advertising, subscriptions, etc.

Under July, 1915, you have a repetition of the Chicago Band Association, $100, and the same explanation could be given to that item as to the same item in an amount of $10 appearing under January, 1915.

The next item is the Eastland Relief Fund, $1,000. It is patent information that the Eastland was a tourist boat that tipped over in the Chicago River when loaded with seven thousand tourists.

(4559) The disaster caused a great deal of distress at the time and one or more of our employes and his relatives were aboard that steamer. I think his sister and his fiancee were drowned. A general appeal was made for subscriptions to relieve the distress and the Wm. Wrigley
6715 Jr. Company, I believe, was the first to make a subscription to relieve the distress. I know at the time we obtained from that a great deal of publicity, and I am of the opinion that it built up considerable good will for the Wm. Wrigley Jr. Company.

Incidentally, I might say that those steamers, of course, sell the Wrigley products, and the line handling the steamer is a customer of ours.

The Chicago Retail Druggists Association, $6.25. This is an association of the retail druggists of Chicago and the majority of them are customers of ours. They have conventions and expenses are incurred thereby to which firms are asked to contribute and lists are published of the subscribers. I can see from the amount that this is in connection with some convention or meeting that they have had, and they very often invite retail druggists from other parts of the state to come to Chicago, the expenses for which are usually covered by the subscriptions made by the wholesale firms whose goods are handled by the Retail Druggists Association.

Those conventions tend to further the sales of our products, insofar as the retail druggists help those that help them.

The Harrisburg Grocers, $5, the next item under July,
6716 1915. This will bear a similar explanation to the one previously given for the Chicago Retail Druggists' As-
(4560) sociation. The Harrisburg Grocers, for a long time, did not handle the Wrigley products and their association in asking for a small contribution received one from the Wm. Wrigley Jr. Company and we thereby created some

good will, which enabled us to start business with the Harrisburg Grocers.

The Harrisburg referred to is Harrisburg, Pennsylvania.

The next item, J. L. Houghteling, Jr., Treasurer, $500, is a subscription to the Illinois National Guard, with the same explanation attached thereto as to Battery "B" appearing under May, 1915.

The next item is the Pen Club of Chicago, $100. That is an association of writers very similar to the Press Club and a club which can be very useful to us from the publicity standpoint. I would say that the same advantages and reasons for the subscription to the Press Club would apply to the subscription to the Pen Club. They are very similar in nature, the two clubs, writers banded together from the various papers.

The Chicago Band Association, under November, 1915,
6717 $10, is a repetition of the item under July, 1915. I mean that it is an item of the same type and having the same purpose and with similar advantages. The only difference of course is in the amount.

The next item under November, 1915, is the Illinois National Guard, $25, with the same explanation as given for the item of $500 under October, 1915, to J. L. Houghteling, Jr.

International Association of Yardmasters, $15, is the next item and bears a similar explanation as the amount given to the Switchmen's Union of North America under August, 1914.

(4561) The next item is a repetition of the same explanation as given for the Switchmen's Union of North America as it happens to be an item of $10 given to that association under date of November, 1915.

That is the item under November, 1915, reading, "S. U. of N. A." stands for Switchmen's Union of North America.

The next item is Travelers Protective Association under November, 1915, $100. The explanation to be given for this item is similar to the one given for the United
6718 Commercial Travelers and the National Association of Traveling Men under August, 1914.

Under December, 1915, the first item is Chicago Building Trades Council, $100, which is similar in amount

and explanation to the item under December, 1914, S. O'Donnell, Trades Union Edition.

The next item is the Chicago Association of Drug Clerks, $1.00, and differs only in amount from the item under March, 1915, but has the same explanation.

The item under January, 1916, Mrs. J. H. Riemenschneider, $3.50, is a contribution to a garden party for the amusement of the Chicago Retail Druggists Association, the association mentioned under the caption of July, 1915, as having received $6.25.

That contribution of $3.50 to that lady was of the same type and for the same purpose and used with the same results as the contributions to the Chicago Retail Druggists Association to which I have already referred.

The next item is the Retail Merchants Association, $10. This appears previously under May, 1915, and has the same explanation.

Under the caption February, 1916, the first item is the
(4562) National Wholesale Druggists Association, $20, with the same explanation as to the item under November, 1914.

6719 The next item is the Retail Merchants Association, $10, the same explanation as under January, 1916.

The next item is the Buckhannon Publicity Bureau, $3.00, an item for advertising in a local book published at Buckhannon.

The next item is Confectioners Benevolent Association, $25, which bears the same explanation as the item under January, 1915, $25.

Under the caption March, 1916, is the Travelers Protective Association, $100, with the same explanation as applicable to the item at the foot of the caption, November, 1915.

The next item is the Twohy-Ermon Mercantile Company, $10, an amount received by them from us for local advertising. This firm is one of our customers handling our goods.

Under April, 1916, appears the Second Infantry Illinois National Guard, $50, with the same explanation as applies to Battery "B" House Fund and other similar items appearing under the Illinois National Guard heretofore.

The next item is the Brotherhood of Railroad Trainmen, $5, a union connected with the railroads moving our

goods, and an explanation similar to that given for the Switchmen's Union of North America and the Yardmen's Association applies to this item.

Under May, 1916, the first item is the Tyler Grocery Company, $25, an amount paid by us to one of our cus-
(4563) tomers for local advertising.

6720 The next item is the Chicago Grocers and Butchers Association, $3.75, and requires a repetition of the explanation given under the item $3.75 May, 1915, for the same association.

The next item is the American National Red Cross, $25, an amount contributed by us to the National Red Cross in May, 1916, in connection with their work, from which we later on directly and indirectly benefited. This Red Cross publishes its programmes and a certain amount of publicity is given to the fact that we have been contributors.

My understanding is that the Red Cross is practically a part of the army in the field in times of war and is a necessary part thereof, looking after the welfare of the soldiers, and particularly of the wounded and distressed.

6721 I presume if the general results of the war had been otherwise than what they were, the business of Wrigley & Company would have suffered very much in general. As a matter of fact, it is a question whether we would have had any business or not. It is a fact that during the war when the energies of the country were directed to essential acts connected with the war or to keep the people going necessary to fill those essential acts, some businesses were ruled as non-essential by the government.

The fact that we were supplying part of the army and navy and foreign armies in the field with our products enabled us to procure an exemption from the regulating classing us as non-essential, at least to the extent of the requirements of the army, navy, foreign armies and navies, and the Red Cross, Salvation Army and other
(4564) organizations connected with the men in the field and the men at home.

That exemption enabled us to get sugar and other materials that otherwise would have been denied and without which we could not have continued our business.

At one period we were within a very short time of
6722 closing down owing to the prohibition on the importa-

tion of raw materials and the War Office obtained for the Wm. Wrigley Jr. Company from the Treasury Department a permit to import raw materials. The Red Cross substantiated that request for the raw materials.

It is my understanding that the Red Cross is a national corporation not for profit. It is my understanding also that the law incorporating the Red Cross required annual reports to be made by it to the Secretary of War and that those reports were required to contain an itemized report of receipts and expenditures. There was publicity connected with the contributions to the Red Cross by our company. We received from the press a great deal of publicity for what we did, and as stated before, we were doing quite a considerable business with the Red Cross organization.

Those contributions were business contributions separate and apart from the contributions that were made by officers of our company to the Red Cross.

6723 (Mr. Mayer then asked the witness what would have been the effect of his company's failing to make contributions to the Red Cross.

Mr. Aldrich objected. The objection was sustained.

Mr. Mayer offered to prove by the witness that such failure would have been detrimental to the business of

(4565) Wm. Wrigley Jr. Company.

Mr. Aldrich objected. The objection was sustained.)

The next item is the American Defense Society, $100. Our contribution to that received a certain amount of publicity, which was beneficial to the good will of the company and which we considered necessary in the interests of the company."

(Mr. Aldrich moved to strike out the words "which we considered necessary in the interests of the company."

Over the objection of Mr. Mayer the quoted words were stricken out.)

6724 The American Defense Society was a society formed for the purpose of issuing publicity and educating the people to the defense of the United States, national defense.

The next item is $20 for the American Fund for the French Wounded. We had our office in Paris at that time, were doing business with the French and naturally wanted to figure from the good will standpoint in any list

of contributors to the funds sent from America in aid of the French wounded.

The next item is the Ad Men's Club of Lynchburg, $50, an amount we paid for a few years for advertising rendered by the exhibition of car cards in the club rooms of the Ad Men's Club of Lynchburg.

The Ad Men's Club of Lynchburg was a club of adver-
6725 tising men banded together for mutual interests at Lynchburg, Virginia.

The next item is Truck Dirvers and Chauffeurs Union, $5, a similar explanation being applicable to that item as to the Switchmen's Union and the Yardmasters Union. Our own chauffeurs are members of the chauffeurs' union.

(4566) The first item under the caption June, 1916, is J. W. Gosby. That was a subscription made and sent to J. W. Gosby on account of a preparedness parade which was held in Chicago, to which a great deal of publicity was given in the newspapers at the time.

The amount was $100. That was a parade intended to encourage the United States in preparing itself for entry into the World's War which was on at that time. I presume it was to get the people educated to prepare for any eventuality.

The next item was $10 subscribed to a military tournament. In connection with this military tournament prizes were offered and we would figure as one of the donors
6726 to the offer. Those tournaments brought about congregations of people at which our product could be sold. They were usually on sale at the markee erected in connection with the tournament.

The next item is the Illinois National Guard, $1,000, which is similar, as far as explanation is concerned, to the contributions to the Battery "B" House Fund and other items of the Illinois National Guard appearing heretofore in the list.

The next item is The Fair Picnic, $2.50. The Fair, one of the largest department stores in Chicago, is one of our customers and they usually send us tickets for this picnic, which we return with a cheque and a request to present the tickets to some of their employes. That is the concern which I have already testified handled our goods and is one of the largest department stores in Chicago. That referred to a picnic of its employes.

The next item, Battery "B," $100, requires the same

6727 explanation as the subscriptions shown heretofore, such as Battery "B," $100, May, 1915.

(4567) The next item is Jobbings Confectioners Association, $10, with the same explanation as given for the item under June, 1915, for a like amount and to the same association.

The next item is American National Red Cross, $5,000, with the same explanation attached thereto as given for the subscription to the American National Red Cross under May, 1916.

I really don't know why Wrigley's name appears in brackets there.

We would have "Wrigley" after each one. They are all donations of the firm. It probably was an item the cheque for which was handed to Mr. Wrigley to take over and get the necessary publicity, I presume. I know at the time there were protographs taken of Mr. Wrigley handing the cheque over.

That is, photographs were taken and published in the Chicago press.

6728 These items listed in Wrigley Exhibit 71, Stanley 1, are all taken from the books of account of the Wm. Wrigley Jr. Company and are not connected in any way with donations contributed by officers of the corporation.

The next item is the Ithaca Retail Grocers Association, $15, and this item would have the same explanation as the donations made to the Retail Merchants Association and the Confectioners Association and similar association, except that it applies to an association of Ithaca, New York.

We were doing business at Ithaca, New York, and our jroducts were handled at that time by retail grocers who were members of that association in Ithaca.

(4568) Under July, 1916, the first item, Battery "C", $2,096.60, necessitates a similar explanation as given to items under Battery "B" and Illinois National Guard. I believe this item here, Battery "C", $2,096.60, was the amount paid by the Wm. Wrigley Jr. Company for the purchase of a motor truck called the Wrigley Truck,

6729 which went to war and bore the name Wrigley through the war, in connection with Battery "C".

There was quite a little publicity connected with the purchase of that truck by the Wrigley Company, in Chicago, and elsewhere. All the papers carried it.

The next item is 8th Regiment Field Day, $50, with a similar explanation as to items in connection with the military forces of Illinois.

The item following that is Brodas & Gheens, $15, an amount sent to one of our jobbers at Louisville, Kentucky, but not handled precisely as a trade discount, being a one time subscription. In other words, some particular subscription.

The next item is the Chicago Retail Druggists Association, $6.25, an amount which appeared before under a different date, namely, July, 1915, and for a like object and purpose.

Whenever I use the expression that the same explanation will apply I mean by that that the circumstances for the subscription, and the advantages obtained therefrom are similar to the subjects with which I am making the comparison.

(4569) The next item is Charles Illfield Company, $15. That
6730 was an amount remitted to one of our jobbers which we preferred not to treat as a trade discount as it was a one-time remittance.

(Mr. Mayer then asked the witness what in his judgment would be the effect of the refusal to make this one-time remittance that he had referred to. Mr. Aldrich objected. The objection was sustained. Mr. Mayer then offered to prove that it would have lost the trade of the parties to whom the respective remittances were made. Mr. Aldrich objected to the offer, and the objection was sustained.)

I can give a further explanation of my answer, which I was about to do, namely, that these remittances to jobbers are, ninety-nine times out of a hundred, in payment of advertising of the Wrigley products in their catalogues which we throw into Miscellaneous because we do not attend to the printing ourselves. They do the printing and the advertising and we pay them for what is done. In this case I remember the Charles Illfield Company payment was for an advertisement in their price list in regard to the Wrigley products.

The next item is the St. Louis Drug Club, $100, and the same explanation can practically be attached to that item as was given for the Druggists Cocked Hat League at St. Louis. The Druggists Cocked Hat League is a minor portion of the St. Louis Drug Club.

The members of the St. Louis Drug Club are wholesale
6731 druggists and houses supplying wholesale druggists.
(4570) That class of business houses handles our products, and did at the time of these donations.

The St. Louis Drug Club was a club banded together at St. Louis in the mutual interests of the drug trade, with
6732 all the protection that such an association can get for itself.

When I said from time to time that jobbers or other concerns or organizations were using our product or that our product was being advertised or benefited by these contributions, I included Doublemint in our product from about the time that we put it on the market.

The greater portion of the advertising of a miscellaneous character that we did at that time, where we did ask for printed advertising in return for the payment, was for Doublemint.

The next item is St. Mary of the Angels, an item of $20, under August, 1916. This is a contribution to that congregation in return for publicity which they gave us. The publicity usually received from sources similar to that and from that source is the distribution of our goods, either at the schools or in bazaars, or through their own magazines, their local magazines.

The next item is September, 1916, Salvation Army, $5.
6733 We were apt to, from time to time, make donations to the Salvation Army, sometimes in which money appeared in their donation lists and sometimes in goods.

This $5 item would be a contribution made in money to them so that they would purchase goods in the open market or carry on their affairs any way they pleased.
(4571) I will state how our business was benefited by such a contribution. The Salvation Army purchased our goods and, as a matter of fact, a little later on in 1917 were very heavy purchasers. It was one of the organizations from which we received orders contributing to the success we attained in getting the privilege of importing raw materials after having been classified as a non-essential.

October, 1916, Retail Grocers and General Merchants Association, $10. The same explanation can be given to that item as to previous contributions to grocers and merchants' associations, druggists' associations, and so

forth. We got advertising and publicity from contributions to such institutions.

6734 The next item is the Nebraska Merchants, $10, an association of merchants in Nebraska who hold a yearly convention and publish a programme and give publicity to those names of firms from whom contributions have been received.

The next item is the Chicago Building Trades Council, $100. That is a similar item to that appearing under December, 1915, and December, 1914.

The next item is the Confectionery Employes Benevolent Association, $10, with a similar explanation attached thereto as to the similar item given under January, 1915.

November, 1916, starts with the first item Chicago Band Association, $10, the explanation for which is similar to that given under prior dates.

The next is the Chicago Society of Nurses Directory $25, for an advertisement in their directory, an explanation of which I have heretofore given.

The next item is the H. G. Hill Grocery and Baking
(4572) Company, $10, a remittance to one of our customers for advertising in his price list of the Wrigley products.

The next item is the Switchmen's Union of North America, $10, with a similar explanation to like items in previous years.

January, 1917, National Foreign Trade Council, $5.

6735 The Nationol Foreign Trade Council is a council to which we subscribe yearly and from which we receive much information in the way of foreign business.

The Foreign Trade Council covers the whole field of export trade and every branch thereof.

As to what I mean by covering the whole field, I will say, the Foreign Trade Council gives information as to bills of exchange, as to documents, ahs to duties, as to transportation, as to possibilities of doing business, statistics as to the amount of business that is done. It gives you openings where you can do business. It is a congregation of the firms in the U. S. A. or members thereof, who are interested in foreign trade and the furtherance thereof.

The next item is for the Athletic Carnival of the Illinois National Guard, an amount of $25, a subscription we made at that time to the carnival, in connection with

which, of course, there was the usual programme and publicity, goods on sale. I mean our goods were on sale at the carnival.

I believe that carnival was held on the South Side in Chicago, somewhere near Bayliss Park.

H. J. McFarland name is given as being the recipient of the funds for that athletic carnival. It was not a donation or subscription to McFarland for his personal use
(4573) or benefit or anything like that.

6736 The next item is J. H. Ryan's Drug Clerks, on account of the Drug Clerks Association, $2. J. H. Ryan is the name of the man who got the donation in the office, and that was probably a cash donation paid from the petty cash.

The Drug Clerks Association I have already given an explanation of. They are people engaged in the sale of drugs and such people as handle our goods.

My explanation concerning that association would be of the same type as I gave in explanation of the Chicago Association of Drug Clerks under March, 1915.

The next item says C. W. C. T. Commercial Travelers.

6737 The C. W. C. T. is a misprint. It should be the United Commercial Travelers of America. We make regular periodical remittances to that concern, which is an association of the traveling men of the U. S. A., the traveling men being employes, many of them, of customers of ours who sell our goods to the retailer.

We do not get quite the same kind of advantages and benefits from that association that we do from other travelers' associations that I have already referred to. I don't know whether this United Commercial Travelers has any idea of obtaining the reduction of railway fares and the like, but the United Commercial Travelers is an association of which there are many branches throughout the U. S. A. and it is usually one of our customers who writes in with regard to the remittance of funds either to be used as prizes or for advertising in their souvenir programmes or to help pay for the expenses of a banquet or convention being held.

That kind of contribution furthers the sale of our prod-
(4574) ucts. It is very necessary to keep on the good side of those travelers.

The next item is the American Manufacturers Export

6738 Association. We became at that time members of the

American Manufacturing and Exporting Association on account of the difficulties connected with foreign trade. They were getting larger and larger, and we found it necessary to not only join the National Foreign Trade Council, but also the American Manufacturers Export Association.

The next item is a $6 remittance to the Cedar Rapids Commission Company, one of our customers for local advertising.

That was followed by a remittance of $20 to Noyes Brothers and Cutler Company, customers of ours, for insertion of cuts in their price list of the Wrigley products.

We now find an item following that of $25 for Souvenir Comm. U. C. T. That is for the souvenir programme committee of the United Commercial Travelers in which we inserted an advertisement of the Wrigley products.

The following item is the Salvation Army, $10, for which an explanation has already been given.

I mean by my answer regarding the Salvation Army that the $10 disbursement in January, 1917, was of the same character and for the same purpose, and resulted in similar advantage to what I have already testified with regard to the prior donations to the Salvation Army.

6739 Under caption February, 1917, is an item of $25 for the Kentucky Pharmaceutical Association. The Kentucky Pharmaceutical Association is an association of druggists and of similar character to the association (4575) formed in various states for grocers and retailers. Our contribution was made through one of our customers to that association as many of our customers are members thereof and the funds are needed for convention purposes, they meet in convention yearly.

As to how we get benefits from that and similar contributions, I will say: In all cases we are mentioned in the programme as donors and in some instances we have actual advertising in the convention program.

The next item is $500 to the Military Training Camp Association, February, 1917. The idea back of the remittance to the Military Training Camp Association was the same as induced us to make a remittance to the American Defense Society, but in February, 1917, although the U. S. A. had not entered the war, they were

already at that time talking of war and forming training camps for young men.

The next item is $50 to the Retail Merchants Association, and the same explanation is applicable to this donation as to the one explained under the caption January, 1916.

6740 Under March, 1917, is a further item of $500 to the Military Training Camp Association. The same explanation is given with regard thereto as given for the donation appearing under February, 1917.

Let me ask you with regard to those military training camp association contributions, whether those camps resulted in bringing large numbers of young men together and in advancing the sales of your products?

Yes, our products were usually on sale at the canteens in connection with the camps.

The next item is the Retail Merchants Association (4576) of Montana. I have already given a general explanation as to what these associations are and through the statement now before us you will find similar items. The Montana item refers to the group of retail merchants in Montana, most of whom were customers of the Wrigley Company.

The next item is $20 to the Retail Merchants Association of South Dakota, a similar association.

And those contributions to those various retail merchants associations shown on this exhibit advance the sales of our products and increase its good will.

They were all made with the intention of increasing 6741 the efficiency of the retail merchant to sell more of our goods. The conventions are held yearly and publications are issued to the retail merchants informing them how to manage their businesses better, wtih an idea of handling only products which have a fair turn-over and a fair margin of profit, as contradistinguished to articles which are slow in turn-over and small in profits.

Those contributions resulted in publicity for the Wrigley Company. There was the usual publicity sent out to all the members of the association.

The April, 1917, caption gives us the first item Brotherhood of Railroad Firemen, $5. At that time we were advertising very heavily with the labor unions through their various publications and the Brotherhood of Railroad Fireman and we made a remittance of $5 to their

general funds, from which we received, indirectly, business through the good will created by the donation. We receive publicity directly.

In this statement I have endeavored only to give such items where publicity was rendered. These statements
(4577) do not cover the total amount of miscellaneous advertising made by us.

6742 The next item is under April, 1917, and is for $5, the City Salesmen's Association, a contribution made to the local association of the city salesmen in Chicago, that is, to men who are interested in the sale and distribution of our goods.

The next item is an item of $30 to the Cincinnati Confectionery Association, which association is similar in
6743 character and purpose to the Chicago Confectioners Association, which happens to be located in Cincinnati, where we do considerable business and through the confectioners there.

The advantages from that contribution and the results thereof were similar to those that I have ascribed to the contributions to the local and other confectionery associations.

The next item is $5 to the Blind Relief War Fund, a contribution made in the interests of relief of suffering and made in cash as contradistinguished from the usual procedure of sending them some of our products.

The Wm. Wrigley Jr. Company got business benefit or advantage from that contribution because of the business publicity in connection therewith. They published the usual list of donors which they sent out all over the country.

The next item, Elevator Operators and Starters, $1.50, is a cash remittance handed over to the union of Elevator Operators and Starters. The interest we get from that is derived from the good will created amongst that association and also some benefit is derived from the fact that
6744 the elevator operators and starters could either do us harm or good, just as they willed, by running or retarding
(4578) the elevators used by our employes.

We did not have any employes of our own that were elevator operators and starters, but we were subject to their whims and ways. Our office was then located in the Kesner Building.

The next item is a $35 item to the National Confec-

tioners Association, which is the amount of the subscription in the year 1917 to the association of which we are members. I have already given an explanation of the National Confectioners Association. It is very similar in nature to the National Wholesale Druggists Association, except that the National Confectioners Association is made up of confectioners and manufacturers of confectionery and appurtenances used by the confectionery trade and in connection with the confectionery trade.

The benefits derived from such contributions are very similar to those offered by the Chicago Association of
6745 Commerce, except that this is one particular branch banded together to defend and protect ourselves and to have the advantage we can obtain for ourselves.

A great many of the members of that Confectioners Association are our customers, but primarily this is not to have any advantage of the membership to do business with its as much as to defend ourselves in litigation, transportation rates, laws, trade marks and trade rights. We get communications from them practically daily, that contain information that is advantageous to the management of our business.

Take, for instance, the sugar question, that is one in which we are all vitally interested, and this association gathers statistics on sugar, on laws applicable to the trade, either treasury regulations or laws, laws as to the
(4579) Pure Food act in conjunction with confectionery.

They publish a trade journal and daily bulletins, and those are distributed among the members, including the Wrigley Company.

6746 The next item, under May, 1917, is $100 to the Artists Red Cross Benefit. That is for advertising in the programme of a concert held here in connection with the Artists Red Cross Fund.

The next item is J. T. Stockton, Citizens Uniform Committee. We made several contributions to that committee to provide those citizens who wanted to go into training with uniforms if they could not afford to provide them themselves. A great deal of publicity was given to this matter at the time and it no doubt helped us to build up considerable good will.

Publicity was given to the names of the contributors. J. T. Stockton, whose name is there given, merely looked after the collections for the purpose I have stated. He

got the fund from us but it was not a personal contribution to him.

The next item is Illinois National Guard, $25. I have already explained the reasons wherefor.

6747 The next item is the National Association of Drug Clerks, $4, and an explanation has already been given of similar contributions.

The next item is an item of $183 to the American Red Cross, with the same explanation applicable thereto as to previous remittances made to the American Red Cross.

Under date of May, 1916, we have a $25 contribution (4580) to American National Red Cross. The American Red Cross and the American National Red Cross are one and the same corporation.

Under June, 1917, the first item is McCuskí & Albert, $100. That is one of our customers who telegraphed us for a remittance in connection with the Mattoon sufferers, Mattoon, Illinois. McCuskí & Albert are located at Mattoon. I believe that was a case where the dykes on the river were broken and the whole country was flooded and suffered with a tornado. We received a great amount of publicity from that contribution, and we certainly received afterwards a great amount of business from McCuskí & Albert, and the people who had their homes destroyed knew that the Wrigley Company had made con-
6748 tributions. It did not hurt us. If we had not contributed, I don't know whether it would have hurt us or not, but I presume it would have had some bad effect upon the business.

The next item is the Reverend C. L. Miller. Unfortunately, there has been omitted from there the information that it is for the Fifth U. S. Infantry. Reverend C. L. Miller is the chaplain attached to the Fifth U. S. Infantry. At this time or about this time the statement will show that we were beginning to get heavier into remittances to war objects or organizations connected with the war.

The next item is Major William J. Guard, Illinois National Guard, $100. An explanation of the Illinois National Guard has already been given and the reasons for making the donation.

The next item is Salvation Army, $15, which would necessitate a duplication of the explanation already given (4581) for this item.

Then follows the Northern Ohio Druggists, $20. This is the first time that this item appears in the statement.
6749 It is the druggists' association of Northern Ohio, with similar objects and purposes to other associations of druggists and to whom we made a remittance of $20 for the publicity received from them.

The benefits and advantages and results of that contribution to the Northern Ohio Druggists were similar to those that I have already described as resulting from contributions to other druggists.

The next item is C. H. Ann, Charleston, Tornado Fund, $10; Charleston and Mattoon are both in Illinois and not far from one another, and both were covered by the same tornado and devastated, but C. H. Ann is a retailer, whereas McCuski & Albert are the wholesalers covering that district. C. H. Ann handled our product at that time. Therefore, we made a donation of $10 to the retailer and $100 to the wholesaler. That $100 was given to McCuski & Albert pursuant to their request over the telephone.

The next item is C. C. Griffith Ball and Bat Fund, $1. That was a national appeal to a bat and ball fund for
6750 the boys at the front. Everybody was asked to contribute a dollar and a dollar bill was attached to a letter by the Wrigley Company.

I think ninety per cent of the donations made by the Wrigley Company are decided by myself. The larger ones, such as the Red Cross, are decided by the directors in conjunction with the officers. All the trade associations I O. K., customers' donations I O. K.

(4582) By the word "donations" I mean contributions of the type that I have been describing. We call them donations for simplicity, because it covers a wide field. The contributions to hospitals and so forth, which are not included in this list, Wrigley Exhibit 71, Stanley 1, which did not confer any direct benefit to the company, were O. K.ed by the officers, whichever department happened to be interested in that particular work.

6751 February 28, 1923. 10:30 o'clock a. m.

(Mr. Stanley resumed his explanation of items shown on Wrigley Exhibit 71: Stanley 1.)

The next item following is the Detroit Jobbing Con-

fectioners Association, $10. A similar explanation will be given for this subscription as given for subscriptions to other jobbing confectioners associations and as given for the subscription to the jobbers Confectionery Asso-
6752 ciation figuring under June, 1915. This happens to be an association, however, of Detroit as contradistinguished from the previous one mentioned which was Chicago.

The next item is the American Manufacturers Export Association, $50, which is really more in the nature of a business fee for the services they rendered us and bears the same explanation as the item of $5 under January, 1917, to the same association.

The next item is the Jobbing Confectioners Association, $10, and is similar in nature to the item given under June, 1915, for a like amount.

The next item, National Association of Drug Clerks, 60 cents, is a small one-line advertisement in the program
(4583) issued by the National Association of Drug Clerks.

Under the caption July, 1917, the first item is Red Cross, $8,333.37. This is the first payment of twelve monthly payments, made by the Wm. Wrigley Jr. Company. The total monthly payments amounted to $100,000. That Red Cross is the same as the American National Red Cross to which we gave that $25 in May, 1916.

I might say we did not complete the monthly payments. There is a previous item of $5,000 entered for the American Red Cross, under date of June, 1916, and that was
6753 counted in as a part of the hundred thousand dollars and we never reached exactly the full sum. If they were added together, they would be something short of a hundred thousand dollars. Our subscription was at the time for a hundred thousand dollars. We did not complete this subscription. It was not called for. The Red Cross commenced a second campaign called the second Red Cross Campaign and gave us the privilege of annulling the last payment that was due on the first obligation we had undertaken to the Red Cross of a hundred thousand dollars and therefore we only made eleven payments of eight thousand three hundred odd instead of twelve payments, instead of finishing these monthly payments of $8,333.37 on account of our $100,000 subscription to the Red Cross, we made a new and increased subscription.

In this statement, Wrigley Exhibit 71: Stanley 1, I do not include anything except actual payments.

6754 The last payment shown on that exhibit of $8,333.33 in that matter is in the month of May, 1918. In June, 1918, we made a payment of $20,000 to the Red Cross.
(4584) The total payment we made in May, 1918, was $8,333.33.

As to whether there were some other payments in May, 1918, I will say that there was one of $10,000 and one of $20,000. There were thirty thousand dollars extra to the $8,333.33. Now, that was a closing campaign. They ran out of funds and the pressure for funds was very much heavier then and they drew on us for a—really, altogether the first obligation was for a hundred thousand dollars. We never completely paid that obligation over. Then we entered into an obligation of $10,000 and then we entered into an obligation for a further $20,000 and then on the second Red Cross campaign another $20,000.

As a matter of fact, our company gave more than the original hundred thousand dollars. I will state that those items which I have referred to as Red Cross payments, referred to the American National Red Cross and that
6755 the objects and purposes of all our subscriptions to the Red Cross, and the advantages derived therefrom, were of the same type as those I have mentioned while referring to the $25 subscription to the American National Red Cross in May, 1916, except that all the payments to the Red Cross after April, 1917, were made while the United States was actually in the war.

The next item is the Illinois Vigilance Association, $100, a subscription we made to the association for the purpose of generally helping the association and partially for publicity we would get out of it.

The purposes of the Vigilance Association are very similar to the American Protective Association and the American Defense Society. It was a body of men banded
(4585) together for vigilance in connection with war purposes and I believe also had some connection with the Government in a way. I believe one of their objects was
6756 in connection with detecting spies and protecting the interests of the United States Government and manufacturers so as to prevent sabotage and destruction of their plants and putting poison in products that went to the soldiers.

We received valuable publicity and business help as a result of that contribution.

The next item is Chicago Band Association, $200, and an explanation has already been given of this item which appears several times. I mean that this subscription was for the same purpose and with the same results and advantages as similar subscriptions to the same association. There was no difference in the matter.

The next item is Valmora Sanitarium, $200, a subscription made by the Wm. Wrigley Jr. Company to a sanitarium at Vamora. It is a sanitarium for consumptives and some of our employes have been sent to that sanitarium. We still subscribe and pay to the Valmora Sanitarium for the benefit of our own employes.

6757 The next item is Maine Pharmaceutical Association, $5, an association of druggists, with a similar explanation to subscriptions made to other druggists associations, namely, in the interest of the business and to let them know that we had some further interest in doing business with them than just taking all they could give us. In other words, it was to advance our good will, mainly.

The next item is Minnesota Retail Grocers, $10. This (4586) is an association of retail grocers similar in character to the associations I have already given an explanation about and consists of an association of retailers handling our products. They have their year book and their means of publicity of letting the retail grocers know who contributed.

The next item is an item of $50 for Red Cross which was paid out with the same object in view as the other contributions were made to the Red Cross, but is an item paid out personally to one of the collectors who were provided with small books.

(Mr. Mayer then asked the witness whether the Red Cross subscriptions concerning which he was testifying all covered all subscriptions from the officers as individuals or whether the officers of the Wm. Wrigley Jr. Company as individuals made personal subscriptions to the Red Cross. Mr. Aldrich objected. The objection was sustained. Mr. Mayer then offered to show that Mr. 6758 William Wrigley, Jr., and the other officials of the Wm. Wrigley Jr. Company made individual, personal subscriptions to the Red Cross and the other military training camps and associations that are covered by or included in said exhibit, Wrigley Exhibit 71. Mr. Aldrich objected to the offer and the objection was sustained.)

The next item is A. H. Kreidler & Bros. Grocer Picnic, $10. That was a subscription to one of our customers to help entertain the grocers of his store at a picnic. The usual programs are put out and we supplied advertising which was shown in the picnic grounds. Whether our
(4587) gum would be on sale at the picnic or not I don't know,
6759 but I presume so; but in any case the grocers were all customers handling our goods.

The Illinois Manufacturers Association, $10, is the next item. This is a subscription we make to the Illinois Manufacturers Association, an association of Manufacturers formed for the purpose of protecting the manufacturing interests of the State of Illinois from what they consider improper legislation, from exorbitant freight rates, from any other matter which is inimical to their interests, and also the converse, to advance the interests of the manufacturers of Illinois. The Wrigley Company is a member of that association. The objects and purposes of the Illinois Manufacturers Association are very similar to those of the Chamber of Commerce.

The next item is $5 to the National Grocery Company. This is for an advertisement of the Wrigley products in the price list of the National Grocery Company.

6760 The item following that is Red Cross Base Ball Fund, $2. Practically the same explanation can be given to this item as to the other subscriptions to the Red Cross except that this was for a base ball fund for the boys at the front, the firing line in France, and it was pretty well known that we had contributed to that.

Under August, 1917, we have a repetition of the item appearing in the first place under July, 1917, Red Cross $8,333.33. The difference in the pennies was with the idea of making up the hundred thousand dollars.

Following that is Brotherhood of Freight Handlers, $2.50. That is the local Brotherhood of Freight Handlers in Chicago, handling partially, amongst others, the Wrig-
(4588) ley products, the transportation for the freight lines.

As to what the benefits or advantages would be to the Wrigley Company from that item, I will say the freight handlers can delay or advance the transportation of goods, especially when leaving Chicago, just at they desire. We do not wish to insinuate they would purposely do that, but it is preferable to have their good will by paying small amounts from time to time. They do

advertising in their own book of the fact that the Wm. Wrigley Jr. Company is a contributor and a certain amount of good will is created amongst them by that fact.

6761 That Brotherhood issued the usual list of contributors and freight handlers pretty soon know who is with them and who is against them. We did about that period run a very large paid advertising campaign in labor papers.

The next time is National Druggists Association, $150, an association of druggists probably all of whom are customers of ours, and this item bears the same explanation as subscriptions we made to the National Association of Drug Clerks and Jobbers, Confectioners Associations, and so forth. It accomplished the same results as those that I mentioned with respect to the other associations. The subscriptions we made to associations of this kind usually were requested from us by customers of the company. It resulted in advancing our company and its products. The fact is made known at the convention or conventions that we have contributed.

The next item under August, 1917, is Red Cross, $100, with the same explanation applying thereto as to the

(4589 the item for fifty dollars appearing under July, 1917.

6762 The next item is the First Regiment Illinois Engineers, $25, a subscription made by the Wm. Wrigley Jr. Company to the First Regiment for recruiting or bringing together more members for the Illinois Engineers. I might add there as an explanation for our reasons for giving it that the army at that time was buying large quantities of our products, and as these young men were recruited from the First Regiment at that time, we both directly and indirectly received considerable business benefit.

The next item is $200 for an advertisement in the daily newspapers of Chicago in connection with the movement "Safety First", the Safety First movement being an educational campaign for the employes to take care of themselves. Naturally any reduction in carelessness on the part of employes redounded to our benefit.

In September, 1917, the first item is Red Cross, $8,333.-33. That has already been explained.

The next item is Policemen's Benevolent Association, $50. It is pretty well known by the police force that we contribute to their benevolent association and they are

pretty good customers of ours, the policemen. I think
6763 they chew a lot of gum.

The next item is the Illinois Training Camps Fund, $100, and the same explanation could be applied to that subscription as already given to the subscription under March, 1917, Military Training Camp Association. The objects and purposes were very much the same, and also the results so far as our business and good will were concerned.

The next item is the Polish Publishing Company for
(4590) $50 for an advertisement in one of the Polish papers of Chicago printed by the Polish Publishing Company. That was a trade advertisement of the Wm. Wrigley Jr. Company, but we did not attempt at that time to keep any detail of what brands were advertised. We could by searching their files find the advertisement, but we have taken an easier way of thrwing it into this miscellaneous list.

The next item is $25 to the National Surgical Dressing Committee, a committee formed for the purpose of supplying to various organizations like the Salvation Army, and so forth, materials for dressing wounds.

That resulted in affecting our good will, the sales of our company and our business and advertising.

6764 The result was cumulative from these various sources such as Red Cross, Salvation Army, the National Surgical Dressing Committee. The National Surgical Dressing Committee is a part of the same organization and for the same purpose.

The next item is Chicago Library War Fund, $500. This was a war fund installed to procure books to be sent from the Chicago Library to the various camps in the country. My understanding is that the donor of these books had their names inserted in the books—printed in the books as being donors.

I do not mean that wherever a book resulted from our contribution it bore the name of our company. The list of the donors was inserted in the books as they were sent out to the various camps, there might have been one or a hundred names.

The next item is Navy Relief Society, $5, a society
(4591) formed for the relief of those in the navy who are in need of relief, and year books are published showing the subscriptions. At that time under the pressure of the

war and its consequences these societies were naturally more active in providing relief and the relief consisted very often of providing our products to those relieved.
6765 There would be a publication of the subscriptions and also a publication of the list of the subscribers.

The next item is George A. Paddock, 342nd Infantry, for library book. A similar explanation can be given to this as already given to the Chicago Library War Fund under the same month, the object being to provide books for the 342nd Infantry, several people banded together for that purpose, and I believe in this instance too the names of the donors were inserted on a separate page on the book.

As to whether that was a subscription to the 342nd Infantry or made for the benefit of Mr. Paddock, I will say Mr. Paddock, I believe, is the Adjutant of the 342nd Infantry and has to account for every cent received by him to the government in connection with the 342nd Infantry of course.

We were selling our products to the army and navy and the various war activities. We did many hundreds of thousands dollars worth of business with the various branches of the army, navy and subsidiary organizations, such as the Red Cross and allied organizations such as
6766 the Salvation Army and Knights of Columbus.

The next item under the caption of October, 1917, is Red Cross, $8,333.33. This has appeared in the three previous months as the first item and it bears a similar explanation.

(4592) The next item is Army Relief Society, $500, to which we subscribed, which is a subsidiary organization of the National Army. I believe the accounting of the Army Relief Society also has to be made to the Secretary of War. Lists are published and the donors are named with the amounts subscribed by each.

The Wrigley Company got the same benefits and advantages from that subscription as from subscriptions that I have already referred to as being made to training camps and other matters relating more or less to war activities. A certain amount of good will was built up which resulted in business, as our balance sheet and sales will show.

(Mr. Mayer asked the witness whether in his opinion a failure to make subscriptions of that type would have

harmed the good will of the Wrigley Company's business. Mr. Aldrich objected. The objection was sustained. Mr.
6767 Mayer offered to prove by the witness that harm would have resulted. Mr. Aldrich objected. The objection was sustained.)

The next item is the 23rd Ward Organization of Drafted Men, a subscription made through Edward J. Brundage. This is in connection with the drafted men, many of whom were out of work owing to the draft regulation at that time. I mean they had been drafted and had not yet actually been taken into active service. They were thrown on their own account, had given up their occupation and were awaiting transportation to some camp to be actually drafted into active service. One of the main results of these subscriptions which are very like in character all the way through was the popularity
(4593) our goods enjoyed in France among the American army and to a great extent among the Canadian army too. I think one of the direct results of such items was the fact that we received from the British Government orders to supply the British Army owing to the popularity of our products with the American boys at the front.

Traveling Men's Day Committee, $50 is the next item and is a subscription made to an association of traveling
6768 men through one of our customers. The association is formed of salesmen who sell our products and do considerable advertising for us with the retailers.

I think that committee is just an association formed for the purpose of exchanging views, ideas and finding out which products are the easiest to sell, mutual interest of traveling men.

The next item is the Illinois Volunteers, $100. The same explanation can be given of this as to other organizations formed during the war period. I mean organizations of soldiers, very similar to camps and the 23rd Ward Drafted Men, except that this happened to be men who volunteered their services and did not wait to be drafted.

We got publicity and business benefits from that. I have just referred in a previous explanation to the fact that these items tended to build up a good will and that the probable result of it was the business we obtained.

The next item is $50 to the United Commercial Travelers of America, an item which bears the same explana-

tion as subscriptions previously made and entered in this statement to the same organization.

(4594) We got similar results and benefits from that $50
6769 subscription as we did from other similar subscriptions. That Commercial Travelers Association is an organization we subscribe to yearly.

In November, 1917, the first item is Red Cross, $8,333.-33, an item which bears the same explanation as the first item given in the four previous months.

The next item is the War Fund of the Y. M. C. A., $15,000. The Y. M. C. A. I might say with the funds contributed in that manner built up on the fighting front and in the rear of the American forces canteens at which small items were sold for the soldiers, one of the principal items they handled was Wrigley's gum.

The next item appears as Captain M. H. McNabb, $100. That should be amplified by stating that that $100 was contributed to a fund to provide uniforms for the reserve which was formed in Illinois after the regular organizations had been drafted into the war. A proper accounting of this was made with the usual list of donors and the amounts to the Secretary of State of Illinois.

We got the same advantages and benefits in our business from that subscription as I have explained in connection with other war activities.

6770 Captain McNabb himself received no benefit from the subscription.

The next item is National Confectioners Association $25, a yearly subscription we make to the National Confectioners Association, of which we are members. I have given an explanation previously as to a similar item under April 1917.

(4595) The next item is ten dollars to the Switchmen's Union of North America, with a similar explanation to the item given under November, 1916, to the same organization.

The next item is the National Wholesale Druggists Association, $20, and I believe this association has already appeared previously in the list for an amount with an explanation thereto. That last subscription was for the same purpose and with the same results as similar subscriptions to the same institution.

We make a yearly subscription to the National Wholesale Druggists Association and we are members of that

association and receive the benefits that association has to offer in the way of trade information.

The first item under December, 1917, is the sixth pay-
6771 ment of $8,333.33 which we made to the Red Cross and bears the same explanation as previously given for like accounts appearing heretofore.

The next item is the Chicago Building Trades Council, $100, an amount we paid yearly for the insertion in the Year Book of the Chicago Building Trades Council of the Wrigley Advertisement for our products.

The next item is $50, a subscription made to the Knights of Columbus. We did and still do considerable business with the Knights of Columbus by selling them our products.

Besides what I have already stated with regard to the Knights of Columbus, our subscriptions to them aided our business and good will. They published lists of the donors and at the time tthe subscription was made we were doing some considerable business in supplying them with our products. The $50 subscription, of course, we
(4596) did not treat as a rebate on the goods supplied to them because they paid the full list price and we have accounted for such goods sold to them in the accounting presented to the master at the full list price. We still supply all the hospitals of the Knights of Columbus with our products.

6772 I will state what the Knights of Columbus did in the war. The Knights of Columbus organized a part of their activities on lines similar to the Y. M. C. A. and to the Salvation Army and the Jewish Relief Organizations. They erected canteens and supplied soldiers with various items including chewing gum both at the front and in the camps of the U. S. A. at prices which were practically their cost price plus transportation charges. The Knights of Columbus is a large sectarian organization. It is an organization affiliated with the Roman Catholic Church.

Publicity resulted from the payment to the Knights of Columbus. The lists of donors and the amounts subscribed were published.

The next item is the Chicago Association of Drug Clerks, $2, an item similar in character to subscriptions we had made to the same association previously and noted on these lists.

The next item is a five dollar subscription to the Brotherhood of Freight Handlers. Explanations have already been given with regard to subscriptions made to the same organization previously shown on these lists.

6773 August, 1917, is a similar subscription.

Under the caption January, 1918, the first item is Red

(4597) Cross, $8,333.33, and the same explanation is given as to this item as previous items appearing in the months preceding.

The next item is a patriotic food show committee, $150, which was paid for an exhibit of our products as a patriotic food show held in the Coliseum. In Chicago. It was very largely attended, and although there was no sale of our products made from the stall engaged by us at the patriotic food show, there were confections there handling concessions who at the same time sold our product.

Under February, 1918, Red Cross, $8,333.33, a similar explanation should be given as to like amounts appearing in the preceding items.

The next item is a thousand dollars to the Y. M. C. A. That was given for the same purpose and resulted in the same advantages as those I have explained in connection with the $15,000 contributed to the Y. M. C. A. War Fund under date of November, 1917.

6774 We supplied considerable quantities of our products to the Y. M. C. A. during the war for their canteens.

The next item is the Confectioners Benevolent Association, $10, and as this item has appeared heretofore in the list Wrigley Exhibit 7, under January, 1915, the same explanation applies to this description.

The next item is C. L. Hutchinson War Savings Committee, $500. This was a subscription we made to Mr. C. L. Hutchinson in connection with the War Savings Committee who were advertising Liberty Bonds and War Savings Stamps. The advertisements that were inserted bore the notation that they were contributed by Wm. Wrigley Jr. Company.

(4598) Those advertisements were inserted in the large daily papers of Chicago covering probably a radius of 100 miles around Chicago and the city too, and with a circulation well over a million.

The next item is the Women's Council of National Defense, $100 and the same explanation can be attributed

to this subscription as has already been given in connection with war organizations of a similar nature. The Council of National Defense was well known and this is the woman's organization in connection therewith.

6775 The Wrigley Company got the same general type of publicity and business advantages that I have described in connection with other similar contributions.

The next item is the War Recreation of Illinois, $500. This subscription was made in connection with the fund being raised to provide the soldiers with recreation halls, at which some advertising was done for us and our goods were on sale at such places. In this case our goods were put on sale for the benefit of those using the recreation halls.

The next item is $1,000 contributed to the fund raised to overcome the disaster and damage caused by the earthquake in Guatemala. We do considerable business with the State of Guatemala, and at that time we were doing considerable business. We had an agent in Guatemala City and we were purchasing in Guatemala chicle in large quantities. The disaster in Guatemala, if it had not been taken care of, would have resulted, naturally, in the people leaving the city. Our interest in contributing

6776 to the fund was on account of the protection we needed to the possibility of obtaining sufficient quantities of

(4599) chicle. We stand in direct connection with the government of Guatemala and there was wide publicity given to the fact that we cabled down to our agent to contribute a thousand dollars to the fund.

Under March, 1918, the first item is Red Cross, $8,333.33, about which the same explanation might be given as to previous item of a like amount appearing on these lists.

The next item is Navy Relief Society, $50, and the same explanation can be given with regard to this item as to a similar item shown under the month of September, 1917.

The next item is a subscription of $500 to the Military Affairs Committee of Illinois, a committee formed in connection with the various war organizations both at the front and at home. Considerable publicity was given to the donors and to the fund to sustain the Military Affairs Committee, and our name was very prominently mentioned and, no doubt, some of the men connected

therewith were influential in seeing that we received some of the business that came to us from war sources.

The next item is $100 to the Employes Association of Chicago, an association formed for the purpose of sup-
6777 plying employes to firms in need of help in their manufacturing plants. Help was scare at that time and this association was formed by some manufacturers in the city from which they could obtain help for their plants. My impression is that the help to which they gave assistance was formed of elderly people who otherwise would not have been working and probably had retired from business, but the shortage at that time created a demand for help and these elderly people were again drafted into
(4600) business through this employes' association.

Under April, 1918, the first item is Red Cross, $8,333.33. This is the tenth amount given towards the fund about which an explanation has already been rendered.

The next item is the National Foreign Trade Council, $10, a fee we pay yearly to the National Foreign Trade Council and about which an explanation has already been given.

The next item is the National Confectioners Association, $200, and an explanation has already been given about the National Confectioners Association and its purposes and objects.

The item following this is the 3rd Regiment of the Illinois Militia, $200, and a similar explanation will apply to this as to subscriptions made to similar organizations
6778 previously appearing.

The next item is a subscription of $100 to the State Council of Defense for the benefit of Battery "B", and the same explanation would apply to that as to subscriptions made to similar organizations.

When I use the expression that the same explanation would apply, I mean that the same benefits and advantages followed from the subscription as from subscriptions to the other institutions with which I am making comparisons.

With the exception that Battery "B" you will notice appears a little oftener than any similar organization, for the simple reason that some of our employes were in Battery "B".

The Jobbing Confectioners Association, $100, is the next item on the list, and an explanation has already been

given with regard to subscriptions made to the Jobbing
(4601) Confectioners Association of Chicago and at other points, and similar explanations are applicable here.

The next item is the State Council of Defense, $1000, and the purpose of the State Council of Defense is so well known that an explanation will scarcely be necessary, but it follows on the same lines as subscriptions made to other military and defense organizations.

6779 We received very considerable advertising and publicity at the time we made those subscriptions.

The next item is Firemen's Mutual Aid, $200, and the subscription made to the Firemen's Mutual Aid is in the interests of the business in so far as we are, to a certain extent, dependent upon firemen in case of fire.

The next two items, K. of C., $1,000, and K. of C., $30, they bear the same explanation as the $50 subscription made under date of December, 1917.

Under May, 1918, the first item is the Red Cross, $8,333.33, and is the eleventh payment made to the Red Cross, one payment being made each month previously.

In the same month appear items to the Red Cross Campaign Committee of $10,000 and $20,000. I previously explained that we were relieved from our further obligations under the $100,000 we had obligated ourselves for by entering into new obligations of which the payments of $10,000 and $20,000 in May, 1918, were a part. Our new obligation was for a payment of $50,000. The remaining $20,000 was paid as indicated under date of June, 1918.

The next item is F. O. Wetmore, $100, under May, 1918. Mr. Wetmore was chairman of the Red Cross Committee
(4602) and this payment was not made to Mr. Wetmore for
6780 his personal use, but for advertising in connection with the Red Cross campaign.

The next item on the list is a payment of $15 for a regiment of Illinois infantry, and my recollection is it is for an advertisement in one of the books they prepared.

The item following after the Red Cross Campaign Committee is St. Louis Confectioners Jobbing Association, $25, and the same explanation would apply to that item as already given to Jobbing Confectioners Associations.

The next item is $50 to the Illinois Volunteer Training Camps, and bears a similar explanation to the item ap-

pearing under September, 1917, Illinois Training Camps Funds.

Under June, 1918, Fair Employes Benefit Association, $3.75. A similar explanation can be given as to the item appearing under June, 1915, under the same caption.

The next item is Cook County State Council of Defense, $500, and the same explanation can be given to this item as was applied to the State Council of Defense given under April, 1918.

The item "State Council of Defense, $1,000, April, 1918," was a contribution to the Illinois State Council of Defense.

6781 The next item, Ball and Bat Fund, $20. This has previously appeared in an amount of $1 under June, 1917, and the same explanation is applicable thereto.

Under the subscription appearing under June, 1918, Second Red Cross Campaign, $20,000, of which an explanation has already been given, appears H. K. Chaplin,

(4603) National Home Guard, $50. This is not a contribution made to Mr. Chaplin for his personal use, but as adjutant of the National Home Guard, and the same object, and the same explanation can be used as applicable to like items appearing previously, such as Battery "B" or the Illinois Infantry Regiment.

The next item is the Business Men's Association of Homestead, Pennsylvania, $10, an association of business men in Homestead, the most of whom are customers of ours, and to which we contributed $10 for an advertisement in their programme.

Under June, 1919, on sheet 8 of Wrigley Exhibit 71, appears G. G. Biehman, Treasurer of the American Protective League, an amount of $200. There were several subscriptions made by us and they appear on this sheet 8 to the American Protective League. The American Protective League was formed to see that the men who were drafted into the army properly appeared, and also

6782 confided with an investigation by the government against sabotage, and for the protection of property. It was a war measure pure and simple. To a certain extent there was a business advantage to our business resulting from that war measure.

We joined the American Protective League so that we could have the advantage of that organization in our own plant and some of the members and officers of the Wrig-

ley Company were members of the American Protective League and provided with the powers the government gave them under that organization. We at that time were still making considerable quantities of goods for the army and navy and war organizations and there was a
(4604) good deal of trouble amongst labor and also some intimation given that the food products were suffering by not having sufficient protection from people who were willing to put poisonous ingredients in them. Part of the services rendered by that league covered observations and investigations calculated to prevent the spreading of poison on our products. They were investigators and saw that the ingredients we used in the manufactured products were up to the standard and that nothing but
6783 standard products were used in the manufacture of our goods.

The next item is the Chicago Band Association, $100, to which the same explanation can be given as to previous items under this heading.

The next item is $100 to Soldiers Athletics, a fund provided for the soldiers at the front and at home in camps, at both of which places our goods were on sale. That money was used to buy athletic paraphernalia. As to what publicity, if any, we got from that subscription, I will say that on these lists we have endeavored to only put in such items from which publicity resulted, and in this case lists were published showing the donors and the amount of their subscriptions. When I say we have endeavored to put only such items in, as publicity resulted from, I mean that such items only were included unless specified otherwise.

The next item is $100 given to the United Charities. The United Charities has been called upon by us from time tc time to do certain charitable work. They publish lists of donors and there is a certain amount of publicity from that.

(4605) February 28, 1923; 2 o'clock p. m.

6784 The $100 subscription of June, 1918 to the United
6785 Charities was in connection with an investigation we had made for charity required by relatives of employes of the Wm. Wrigley Jr. Company. It was a special item and not similar in character exactly to amounts that were

given by us from time to time and regularly every year to the United Charities.

(On motion of Mr. Aldrich the last sentence of this answer was stricken out.)

6786 The next item under June, 1918, is $5 to the 3rd Regiment and covers a contribution we made to the 3rd Regiment in connection with a program issued by them.

Under May, 1918, there is a $15 subscription to the Illinois Infantry R. M. "R. M." I think stands for regiment or reserve militia.

The next item is a $25 amount given to the Salvation Army for reasons heretofore explained in connection with similar remittances to the Salvation Army. The results of that subscription were of the same type as those I have already referred to in connection with similar sub-

6787 scriptions. We were doing business at that time with the Salvation Army, selling them our products.

The next item is a $50 remittance to the American Export Association, our membership fee to that association. I believe I explained heretofore that we are members of that association, with the purpose of receiving information respecting foreign trade.

That is the same Association as the American Manufacturers Export Association. The correct name is the

(4606) American Manufacturers Export Association.

The next item is an $8 item for the Roycrofters and is for the purchase of some pamphlets entitled "Message to Garcia," which we purchased to distribute amongst our employes, with an idea of encouraging them to

6788 greater efforts. I cannot give any more information about the pamphlet than that it was a message sent to President Garcia by this government at the time of the trouble in Cuba. That is my impression of it. The pamphlets were purchased with the idea of encouraging our employes to a greater incentive in production and care of the plant.

6789 An item in Wrigley Exhibit 71, Stanley 1, refer to $15 given in May, 1918 to "Ind. Infantry Illinois R. M." The "Ind" is typographic error and should read "2nd." "Infantry Illinois R. M." stands for Reserve Militia. Therefore the item should read, "2nd Illinois Reserve Militia."

The "R. M." under June, 1918, in connection with the $5 contributed to the 3rd Regiment Illinois also stands for Reserve Militia.

Next to the Royerofters item is Allied Labor Organization Picnic, $5, a subscription made by us to a picnic organization by the various labor organizations of Chicago and at which our goods were sold.

Under the caption July, 1918, appears the first item,
6790 $5 to the Salvation Army. The same explanation can be given as to this amount as to previous amounts appearing against the organization of the Salvation Army.

The next item is Overseas Athletics, $200, and the same explanation can be rendered for that item as is given to
(4607) the item appearing under June, 1918, in connection with similar athletics.

The next item is George Ade for Red Cross, $50 a subscription made to the Red Cross through George Ade, the writer. The same explanation is applicable to this item as to other items entitled Red Cross.

The next item is $50 to the American Protective League and bears the same explanation as the item appearing under June, 1918, G. G. Bishman, Treasurer A. P. L., $200.

The next item is a thousand dollar item to the Salvation Army and with the same explanation applying thereto as to amounts against the Salvation Army previously explained.

The following item is $5,000 to the Military Training Camps, which bears a similar explanation as the items heretofore explained and appearing under March, 1917, and February, 1917, the second item.

The next item is $100 to the National Confectioners Association, being our membership dues for the year
6791 1918 to the National Confectioners Association about which an explanation has already been given and which previously appears under the date November, 1917.

Under August, 1918, appears as the first item $50 to the American Protective League? This is an item similar to those appearing in connection with this same organization under the captions June, 1918, July, 1918, September, 1918, October, 1918, and November, 1918.

The next item is the 3rd Regiment Illinois Reserve Militia, $250, which bears a repetition of the explanation given for the item appearing under June, 1918.

(4608) The next item is the 4th Regiment of Illinois Reserve Militia, and the same explanation can be given to this as to previous subscriptions to reserve militia organizations.

6792 The next item is Volunteers of America, $10, an explanation for which would be similar to that given in connection with the Salvation Army.

I mean that my company got similar benefits and advantages from that contribution as from the contributions to the Salvation Army, as far as respects good will and advertising and publicity.

The next item is $100 to the Daily News Field Day, a subscription made by us to the Daily News Funds for the Field Day organized by them, and in connection with which the Daily News gave publicity, mentioning the Wm. Wrigley Jr. Company as a donor. That field day resulted in a large congregation of persons, many of whom chewed our products. Our products were on sale at the place where the field day was held.

The next is a $50 item to the War Exposition, an exposition which was held at the Coliseum, in Chicago; and made possible by the donations of firms in Chicago, and which exposition created quite a good deal of interest
6793 and publicity in connection with which we were mentioned. That exposition also attracted large crowds, many of whom were users of our products, and the stall in the exposition exhibited the Wrigley products for sale.

Under the caption September, 1918, the first item is $50 for the National Association of Manufacturers, an association to which we belonged and to which we paid
(4609) yearly dues, and which association is an organization formed by the manufacturers of America, primarily intended to protect in a national way the interests of American manufacturers. The association takes care of labor questions, immigration questions, questions of import and export, questions of law pertaining to tariffs for duties, also as to translation facilities for its members, and generally follows up the legislation at Washington of all things pertaining to manufacturers directly. Those were subject matters in which the Wrigley Company was interested, and considered by us as a necessary expense to carrying on the business. It was very important that we
6794 be advised as to those matters, and we used the information in our business.

The next item under September, 1918, is a $50 item appearing against the name American Protective League and about which I have already given an explanation.

The next item is $75 to the Policemen's Benevolent As-

sociation, to which the same explanation can be applied as previously given to items appearing against that organization in the list under September, 1917.

The next item on the list is a $200 contribution to the Illinois Centennial, a jubilee held in connection with the State of Illinois and to which much publicity was given, including the publicity that the Wm. Wrigley Jr. Company had donated to the funds. That was a public centennial given to commemorate the 100th anniversary of the admission of Illinois to the Union.

The next item on the list under October, 1918, is Robert Upham Protective League, $50. Robert Upham was the
(4610) treasurer, I believe, of the American Protective League, and the same explanation applies to this item as
6795 to other items previously appearing under the name American Protective League.

The next item, $500, is to the American Security League in connection with which the Wm. Wrigley Jr. Company received publicity and it bears a similar explanation to that given in connection with the American Defense Society and similar in character to the State Council of Defense, except that the American Security League is national in scope. That was one of the matters pertaining to the successful prosecution of the war and the security of American industry against secret attacks by sympathizers with Germany.

The next item is a $60 amount paid to the Audit Bureau of Circulation, being a yearly amount we pay as members of that audit bureau. The audit bureau provides us with lists showing the circulation of papers which join the audit bureau, and is a necessary expenditure in connection with our newspaper and magazine publicity.

The next item is $25 to the Illinois Manufacturers Association, being our yearly dues to that association, and in connection with it an explanation has already been given.
6796 The next item appearing on the list is the Associated Advertising Clubs of the World, $100, a club which is formed of advertisers, advertising agents and newspapers, with a view to checking advertising and seeing that it is fair and true, in connection with which there is a vigilance society for the protection of the members belonging to that association.
(4611) Those matters, as well as the information that we

received from the Audit Bureau of Circulation, were all matters that we needed in our business and kept us informed with regard to our advertising. As a matter of fact, we are charter members of the Audit Bureau of Circulation and even at the present time we subscribe very heavily to the Associated Advertising Clubs of the World, both of them render very necessary services to any corporation expending money for advertising in newspapers or magazines. They keep us so advised that we can differentiate between reputable journals and publications and their circulation and the nature of it.

The next item is a $50 item to the American Protective League, about which I have already given an explanation.

6797 Following that is an item of $10 to the Chicago Band Association, to which the same explanation is applicable as to the various items appearing under the caption Chicago Band Association.

Following that is the War Relief Club, $60, and the second item below that is a further item of $60 for the War Relief Club. The War Relief Club was an organization to take care of the soldiers who needed relief and was considered by us a necessary expense and in connection with which we received publicity. The War Relief Club furthermore handled quite a little of our products in its various buildings.

The item following, Glenn & Company, Magazine, $12.50, is for an advertisement in the magazine of the Illinois Manufacturers Association, which is published monthly.

(4612) That completes the items given on Wrigley Exhibit 71, Stanley 1, which total, all together, $191,267.62.

Those last figures are the total of the separate items to which I have testified.

The amounts shown on Wrigley Exhibit 7, Stanley 1, do not purport to be the amounts that we claim to be chargeable to Doublemint in this accounting. Our posi-

6798 tion is that a certain proportion of that $191,267.62 is to be charged to the Doublemint account. That proportion which the overhead bears to the various products. We mean to treat these disbursements in the same manner as the overhead items that appear in the filed account.

Sheet 1 of Wrigley Exhibit 7, Stanley 1, is a correct summary of all of the items that I have referred to in connection with Wrigley Exhibit 71.

On Sheet 1 I have stated the disbursements from January 1, 1918, to November 12, 1918, as $108,000.90.

I have calculated the items that appear on that exhibit to have been paid out in 1918 during the accounting period so that I can tell the Master what they amount to during the different periods represented by the different accounts filed. For the period from January 1, 1918, to
6799 August 24, 1918, inclusive, those items amount to $106,-598.40.

$610 of that $108,000 paid out during the entire 1918 accounting period was paid out between August 24, 1918, and October 5, 1918, and $792.50 was the portion paid out between October 5, 1918, and November 12, 1918.

Using the same percentage as shown in the account already filed with the Master, the amount allocatable to
(4613) Doublemint for 1918 to cover the items shown in the statement Wrigley Exhibit 71, Stanley 1, would be $16,-028.64.

I arrived at that by taking the amounts disbursed during the various periods shown in the original accounting, that is, from January 1st to August 24, 1918, from August 25th to October 4, 1918, and from October 5th to November 12, 1918, all dates inclusive, and taking that percentage which the sales of Doublemint bear to the total sales during the same period of the gross amounts shown in the statement Wrigley Exhibit 71 and thereby arriving at the amounts as follows:

For the period, the first period, $15,887.64; that is, from January 1st to August 24, 1918, using the percentage 14.9042%.

For the second period from August 25th to October 4th, inclusive, using the percentage 19.8089 of $610, we arrive at $120.84.

And for the third period from October 5th to November 12, 1918, inclusive, using the percentage 2.54335, we arrive at $20.16.

The addition of the resultant figures amounts to $16,-028.64 as being allocatable as a charge to Doublemint.

In other words, I take 14.9042% of $106,598.47 paid out for the subscriptions referred to from January 1, 1918, to August 24, 1918 and I get $15,887.64.

By taking 19.8087% of $610 paid out for the various subscriptions from August 25, 1918, to October 4, 1918, I get $120.84.

6801 By taking 2.54335% of $792.50 expended for these subscriptions from October 5, 1918, to November 12, 1918, I (4614) get $20.16.

I can state the exact dates on which dividends were declared by the Wm. Wrigley Jr. Company from the time of its organization about January 1, 1911, up to the commencement of the accounting period, July 28, 1914, and also the amounts of the dividends actually paid by the company during that period.

(Mr. Mayer then asked the witness to state the said dates and amounts. Mr. Aldrich objected. Mr. Mayer said that he was offering the evidence for the purpose of showing the value of the stock of the Wrigley Company, of which two and one-half million dollars were paid for
6802 patents and good will. Mr. Aldrich objected to the evidence. The objection was sustained. Mr. Mayer then made the following offer of proof: "I offer to prove by the witness the following: That on March 15, 1911, the Wm. Wrigley Jr. Company declared a 6% dividend on its preferred stock, payable out of its net earnings; that on the same date they declared a dividend of 1-1/2%, payable on their common stock; that on November 1, 1911, they declared a dividend of 4-1/2% on the preferred stock and of 7-1/2% on the common stock, payable out of net earnings. That during the year 1911 the company actually paid 4-1/% on its preferred stock to its stockholders and 3% on all of its outstanding common stock.

"That on December 9, 1912, the company declared a
6803 dividend of 7-1/2%, payable on all its outstanding pre-
(4615) ferred stock, and a dividend of 13%, payable on all its outstanding common stock. That the company, in fact, paid 6% dividends on its preferred stock during that year and 6% on its outstanding common stock during that year.

"That in the year 1913, December 15th, it declared a dividend of 3% on its preferred stock and of 9% on its common stock, and that in that year 6% was actually paid to the stockholders on the preferred stock and 15% dividend on the common stock.

"That on July 14, 1914, the company declared a dividend of 3% on its preferred stock and 6% on its common stock, and also declared an additional dividend of 3% on December 8, 1914, on its common stock.

"That all the dividends to which I have referred were

declared payable out of net earnings of the company and that 6% was actually paid as a dividend on the preferred stock in 1914 and 15% was paid in 1914 as a dividend on common stock, and that all these payments were made out of the net earnings of the company, and that these items of declaration of dividends and of payments thereof all appear on the books and records of the Wrigley Company, which we offer to produce and which books are subject to examination by auditors."

6804 Mr. Aldrich objected. The objection was sustained.)

I have not the complete figures of sales which we made to the war and navy departments, the Knights of Colum-
(4616) bus, the Red Cross, Salvation Army, the Y. M. C. A. and hospitals and kindred war subsidiaries during the full accounting period, but I have prepared a statement of sales made to those organizations during the years when the United States was actually at war, namely, 1917 and 1918, up to the end of the accounting period, namely, November 12, 1918.

(Mr. Mayer then asked the witness what was the total sold to the institutions named during 1917 and up to November, 1918. Mr. Aldrich objected on the ground of
6806 immateriality and irrelevancy. The Master sustained
6807 the objection. Mr. Mayer then made the following offer of proof:

"I offer to prove by the witness the following facts, and that the books and records of the Wrigley Company will show the same to be facts, such books and records being available for examination by the Master and auditors for the other side.

"That in 1917 and up to November 12, 1918, the Wm. Wrigley Jr. Company made sales of its gum as follows:

"To the Salvation Army, $22,000, of which $930 was for 1700 boxes of Doublemint.

"To the Red Cross, $2,488.44, of which $966.90 was for 1758 boxes of Doublemint.

"To the Knights of Columbus, $9,762.50, of which $4,125 was for 7500 boxes of Doublemint.

"To the Y. M. C. A., $215,871.52, of which $42,305.90 was for 89,868 boxes of Doublemint.

"To Army depots, $117,105.87, of which $47,157.09 was for 101,455 boxes of Doublemint.

(4617) "To DuPont de Nemours & Company, which was be-
6808 ing operated by the U. S. Government as a powder

plant, $17,433.20, of which $3,415.50 was for 6,210 boxes of Doublemint gum.

"To Post Exchanges, which were operated by the United States Government at camps, $35,213.60, of which $8,839.05 was for 16,071 boxes of Doublemint.

"To regimental exchanges, which were similar to the post exchanges, $45,996.50, of which $12,380.45 was for 22,619 boxes of Doublemint gum.

"To Miscellaneous Stations operated and controlled by the United States Army, $10,845.53, of which $3,492.29 was for 6,350 boxes of Doublemint gum.

"To hospitals operated by the United States Government, $1,814.55, of which $632.50 was for 1150 boxes of Doublemint gum.

"To the United States Navy, $14,606.86, of which $3,459.50 was for 6,540 boxes of Doublemint gum.

"To the Navy and Army Canteens operated by the United States Government in London, England, $230,850, of which $1,750 was for 5,000 boxes of Doublemint gum.

"That a total of $723,988.50 was received by the Wm. Wrigley Jr. Company for the items specified in this offer, of which $129,854.18 was the purchase price of 266,-221 boxes of Doublemint gum."

(4618) Mr. Aldrich objected to each and all of said offers
6809 and to the summary thereof. The objection was sustained. It was understood that each part of said offer was made as a separate offer, that each separate offer was objected to and that the Master sustained an objection to each separate offer.)

(Mr. Mayer then asked the witness whether he, the witness, participated in determining the making of the various subscriptions he had testified to to the various war organizations and other things that are shown on
6810 Wrigley Exhibit 71. Mr. Aldrich objected. The objection was sustained. Mr. Mayer then offered to prove that the witness knew what it was that actuated the Wm. Wrigley Jr. Company to make those subscriptions and that they were in part made for business that would be expected to flow therefrom, and that the witness had participated in the making of said subscriptions. Mr. Aldrich objected. The objection was sustained.)

I am aware of the stock of the Wm. Wrigley Jr. Com-
6811 pany that was sold by it between November 12, 1918, and November 29, 1919. That was August 26, 1919. There

were two lots of shares set aside; one of 15,000 shares, part of which was sold and part retained, and one lot of 20,000 shares, which was sold under offer.

As to what I mean by a sale of 20,000 shares under offer, I mean we procured some offers for the sale of a block of this stock of the Wm. Wrigley Jr. Company, common stock I am referring to. The offers were con-
(4619) sidered by the directors, and the best offer was accepted for the 20,000 shares which had been set aside by the stockholders at the disposal of the directors for sale. The offer was definitely accepted on August 26th of 1919
6812 at $53.50 per share for the 20,000 shares, or a total of $1,070,000 for the 20,000 shares. That was common stock.

The par value of each of those shares of common stock was $25. That stock was of the same character that Steven values in Larson Exhibit 152 a $83.50 a share.

There have been no increases in the capitalization of the Wm. Wrigley Jr. Company's stock between August, 1919, and November 29, 1919. So that the capitalization of the company was the same at the time 20,000 shares of its common stock was sold at $53.50 a share and on November 29, 1919, on the understanding, of course, that the stock that was sold at $53.50 a share was authorized at the time it was sold but not issued; but there had been no stock dividend declared between the dates specified.

6813 F. B. Hitchcock & Company purchased that 20,000 shares of stock. F. B. Hitchcock & Company sold that stock at $57 a share. There was a general distribution of that stock at that price. That was the object with which it was sold to them; that is, to get a general wide distribution and not retain it in close hands. In other words, we wanted the public interested in the stock which had theretofore been held entirely private.

Some of those shares were sold to the public prior to November 29, 1919, at $50 a share. I want to give an ex-
6814 planation of that, when I said that the stock was sold
(4620) to the public. I might somewhat encircle that remark by stating that the public there consisted of our employes. The stock was set aside to be sold to the employes by a committee elected by the stockholders at not less than $25 per share. The committee elected to sell this stock to the employes at $50 a share, or a part thereof. When I am referring to stock to be sold to our employes I am re-

ferring to part of the block of 15,000 shares, not to any part of the 20,000 shares sold to F. B. Hitchcock & Company.

(Mr. Lane then asked the witness to state the salaries of all the executives of the Wrigley Company from its
6815-6820 incorporation to the end of the accounting period. Mr. Aldrich objected, stating that he did not claim that the salaries paid the executive officers were in excess of the amounts they had earned, but that his position was that in a case such as the present one the Larson Company should not be charged with the salaries of the executive officers who had been in charge of the infringing business. Upon Mr. Aldrich, however, refusing to admit that the salaries paid to all officials of the Wrigley Company during the accounting period were at all times reasonable and fair in amount, the Master overruled the objection.)

6821 I have, and produce a complete list of the executives which includes both the officers and directors of the company who were working for the company and the salaries paid each per annum, or proportion of annum as the statement may show. This statement is headed "Salaries
(4621) of Executive Officers of the Wm. Wrigley Jr. Company from 1911 to 1918 inclusive," and is as follows:

6822

(4622)

SALARY OF EXECUTIVE OFFICERS OF THE WM. WRIGLEY JR. CO
FROM 1911 TO 1918 INCLUSIVE

NAME	TITLE	1911	1912	1913	Jan 1-1914 to Aug. 1-1914	Aug. 1-1914 to Dec. 31-1914	1915	1916
Wm. Wrigley Jr.	President	$ 50,000.00	$ 50,000.00	$ 50,000.00	$ 43,750.00	$ 31,250.00	$ 75,000.00	$ 75,000.0
J. H. Patrick	Secretary	15,000.00	15,000.00	25,000.00	14,583.35	10,416.65	10,416.69	
W. H. Stanley	Secretary							7,116.6
J. C. Cox	Secretary						8,000.00	
J. C. Cox	Treasurer							12,200.0
E. W. Eckerly	Vice-Pres.						12,000.00	15,250.0
B. L. Atwater	Vice-Pres.						11,000.00	13,216.6
A. G. Cox	V. P. & Treas.	25,000.00	25,000.00	25,000.00	14,583.35	10,416.65	25,000.00	
O. J. Buck	Director & Factory Spt.	25,000.00	25,000.00	25,000.00				
	TOTALS	$115,000.00	$115,000.00	$125,000.00	$ 72,916.70	$ 52,083.30	$141,416.69	$122,783.2

C WM. WRIGLEY JR. COMPANY
NCLUSIVE

14				Jan. 1–1918 to	Nov. 13–1918 to	
014	1915	1916	1917	Nov. 12–1918	Dec. 31–1918	TOTAL
00	$ 75,000.00	$ 75,000.00	$ 75,000.00	$ 65,000.00	$ 28,750.00	$543,750.00
65	10,416.69					90,416.69
		7,116.66	9,600.00	10,400.00	4,600.00	31,716.66
	8,000.00					8,000.00
		12,200.00	14,080.00	14,733.32	6,516.68	47,530.00
	12,000.00	15,250.00	17,600.00	17,333.34	7,666.66	69,850.00
	11,000.00	13,216.62	15,293.00	14,733.32	6,516.68	60,759.62
65	25,000.00					125,000.00
						75,000.00
30	$141,416.69	$122,783.28	$131,573.00	$122,199.98	$ 54,050.02	$1,052,022.97

(4623) March 1, 1923. 10:30 o'clock a. m.

6824 *Cross-Examination by Mr. Aldrich.*

All the items on the statement, Wrigley Exhibit 71: Stanley 1, are taken from our account of advertising in the general ledger. At the time the payments were made in each instance they were put onto our books in the advertising account.

I have stated they were all taken from the advertising account on our general ledger at the time they were incurred. By that I mean they were put into the account
6825 called advertising at the time the payment was made. They never have been taken out of the advertising account. They still are in the advertising account.

In answer to the question why it is then they were not included in our statement of total advertising for the different periods, I will say, I really don't know why the payments for advertising for the different periods are made up. You can make up an advertising account just as you please and include what you want and exclude what you want.

In the report as filed by the Wrigley Company giving the amount of advertising for each separate period of the accounting, these items were not included. They were not included because we made a foot note in the original statement presented to the master that they were not included and we reserved the production of a complete statement for later on. That was the idea of the foot note at the time it was made. There was a discussion as to what should be considered a legitimate business expense and what should be considered purely donations for
(4624) charity which did not benefit the business.

6826 As to my reason for differentiating this from our advertising expenses at the time we made up this account which we filed in December I will say that we have not differentiated except these are of a different character. A program advertising is not a newspaper, nor is it a billboard, nor is it a street car, and our captions show exactly, under the item "Advertising" what was included. By captions I mean our captions in the statements we have prepared and substantiated by the testimony here, and what is included in the account, a part of it was al-

located under the caption "Advertising" in the account presented to the master.

Referring to the item in the account as filed in which there is no classification of the kinds of advertising, but in each period there is an item substantially as follows: "Advertising chargeable to Doublemint," and then an amount given, I will say our working sheets and testi-
6827 mony already show what captions were included in the item "Advertising chargeable to Doublemint" shown on page 1 and following pages of the account filed. None of the items included in the gross amount from which the amount given in the filed statement was derived showed any of the items which were given on the statement, Wrigley Exhibit 7. A discussion was made of our advertising account under various captions. The item "Miscellaneous" which is thrown into advertising as a matter of fact does not appear to be, or any part thereof, in the total under the item "Advertising chargeable to Doublemint." We have had to segregate the advertising ac-
(4625) count and throw some into miscellaneous and throw some into other items, but they were in our ledger under advertising.

As to whether I had in arriving at the figures from which I deduced Doublemint's proportion of amount paid for advertising in each of these accounting periods a miscellaneous account, that was embraced in those figures, I will say no part of the miscellaneous account and only such part as referred to items which came under the captions shown in the working sheets we have produced.

My testimony is that none of the items embraced in Wrigley Exhibit 71 were embraced in the advertising account in any account heretofore filed. They were sepa-
6828 rated from the advertising account when we filed our account for the very simple reason that some of the items were such as counsel advised us were not permissible as a deduction. We did get up a hurried statement and delivered the figures to Mr. Mayer. That statement was not in order. There were misunderstandings and on page 18 of the filed account we call attention to the fact that we have not so far made any deductions for the items in controversy.

The reason I have stated is the main reason they were not included in the filed account except as they are referred to in our foot note at page 18, where they are de-

scribed as subscriptions for public or war or charitable purposes. We were not allowed to include any amount in the filed statements until counsel for the Wrigley Company had gone over each item. There are many thousands of dollars which have been rejected by our counsel
6829 as not being a permissible deduction. The shell that is
(4626) left after these items have been striken out is what we have used in the preparation of the statement, Wrigley Exhibit 71. I know of no other reason.

In our return for income and excess profits taxes we claimed credit for the whole lot as gifts and we had an allowance embracing many of these items. We did not get an allowance for all of them. We made a claim for them all. I know that we made a claim for all of the items in Wrigley Exhibit 71, but that the Government disallowed, for instance, the item "Red Cross." The Treasury regulations do not permit a corporation to deduct items for Red Cross or Y. M. C. A. or Salvation Army or for any object which is not directly beneficial to the employes of the corporation or for their benefit when it is a charitable institution. We have had deductions allowed for Red Cross but they have been for advertising in Red Cross books. If we can produce a sheet of paper, the deduction is allowed; if we can produce nothing but a receipt for the payment, the deduction is not allowed.

(Mr. Aldrich then asked the witness whether he wanted it to be understood that all of the payments embraced in Wrigley Exhibit 71 to the Red Cross, Young Men's Christian Association, Knights of Columbus, and so forth, were disallowed by the government. Mr. Mayer objected and moved to strike out the answers of the witness on the subject and objected to the question. The Master said that he might have the same right as though he had objected at the time and then the Master overruled the objection.)

6831 Not all of those payments were disallowed. I can't
(4627) tell what portion of them were disallowed. I can't tell you from memory. We had a big discussion with the Government officials and our 1917 and 1918 returns, as the testimony will show, were the subject of controversy and are still the subject of controversy. We claim they are deductions. They claim they are not. In any case
6832 we are subject to section 210 of the 1917 law and have so far been given the benefit of it. So that the deductions

we have made do not play such a large part in the determination of the taxes as they otherwise would have done.

As to when it was we took these items out of the advertising account, if at all, and opened up a new account, "Donations, and so forth," I will say we have not in our general ledger at any time had an account under advertising for donations embodying the items given here in Wrigley Exhibit 71. The donations account on our ledger is for gum given away. The items in Wrigley Exhibit 71 come under miscellaneous advertising, donations, and so forth, and we throw into that account all sundry objects, small items for advertising in jobbing price lists, programs, lantern slides, small items which it does not pay to keep a major account for. It still remains as during the accounting period at the present day on our books.

As to the account headed "Miscellaneous advertising, donations, and so forth," I understand was first made in 1914, or maybe prior thereto. We took our advertising
6833 account as shown on the ledger and caused to be compiled a subsidiary record showing what items were included in the advertising account shown on the ledger.
(4628) The subsidiary book I have often referred to in my testimony as not being a book of account, but a subsidiary record showing what is included in the account shown in the general ledger under advertising.

This advertising account referred to as "Miscellaneous advertising, donations, and so forth," was not a ledger account. The items are included on the ledger under the account "Advertising." This separate account "Miscellaneous Advertising," Donations, and so forth," is a separate book.

I disagree with Mr. Aldrich's statement that those matters shown in there are not direct advertising. In that account there is absolutely direct advertising. A lantern slide is direct advertising. An ad in a program is direct
6834 advertising, but this account embraces all such items—the account in the subsidiary record headed "Miscellaneous advertising, and so forth," embraces all such items as stationery, jobbing price lists, purchase of a few postal cards printed up, the purchase of advices for the dispatch of posters, donations to such organizations as the Red Cross and ad in a cook book. Such small items that we cannot put into newspapers, street cars, billboards, or otherwise are thrown into this account for con-

venience sake. All of those Red Cross subscriptions were put into that account. They were put in there for the simple reason that the same rule was followed with regard to an item whether large or small.

I will state again that the advertising account in the ledger is one which is called advertising and there is another account "Advertising matter," then in the sales ledger there is an account "Donations." The item
6835 "Donations" in the sales ledger is gum given away.
(4629) The items "Advertising" and "Advertising Matter" in the general ledger only give the gross amounts expended under those captions. The two accounts in the general ledger are taken and dissected in a subsidiary account which is prepared for Mr. Wrigley's and my own use. That is the book I referred to some days ago as being prepared for the advice of Mr. Wrigley and myself.

The general ledger does not show any dissection and the working sheets that Touche-Niven and Marwick-Mitchell and we used are the subsidiary record figures in this last book where I explained that, owing to them being thrown in wrong columns, occasional errors have been committed by our taking the figures to be correct in the subsidiary record. The subsidiary record is not a main book of account and balance sheets can be made and the business checked without the subsidiary record. It is a matter of statistics, figures that are collected for us.

This book I think will embrace the classification of all our advertising. There may be some items occasionally that get into the wrong account, but not if we can help it except as I mentioned heretofore, the donations account
6836 which is on the sales ledger which we considered advertising, the war tax rebate account is on the sales ledger, U. P. S. Coupons is another item which we consider advertising but as a separate account, but nevertheless these various items are brought together in the subsidiary record to see what expenditures we have under items that are considered advertising expenses, although in the general ledger they cannot be entitled so. These items embraced in Wrigley Exhibit 71 are both in the general advertising account and in the subsidiary records.
(4630) Both the general ledger showing the advertising account and the subsidiary record were open to Touche, Niven & Company. We furnished them particulars and in many instances extra copies of the statistics given in

the subsidiary book of account for advertising. Sometimes Touche, Niven & Company had the book itself and sometimes they did not.

6837 As to whether Touche, Niven & Company had a record of all these items which are embraced in Wrigley Exhibit 71, I will say I don't think they ever asked for that. I have not any firm recollection as to whether they ever had those item or not. I never had anything to do with Touche, Niven & Company except one small conversation with Mr. Hagberg and a very small, short conversation with Mr. Vincent. That was my total connection with any member of the firm of Touche, Niven & Company.

(Mr. Aldrich then asked the witness if it was not a fact that these various gifts to the Red Cross, Knights of Columbus, Young Men's Christian Association, various regiments, military organizations, and so forth, concerning which the witness had said they were given publicity as gifts made by the Wrigley Company, were heralded as gifts made by the Wrigley Company?).

I don't think we heralded anything; we left that to the newspapers.

(Mr. Aldrich then asked the witness whether the publicity to which he had testified was not publicity to the effect that they were gifts made by the Wrigley Company. Mr. Mayer objected on the ground that the newspaper publications would be the best evidence. The objection was overruled.)

6838 I would not deny that the paper did sometimes publish the fact that they were gifts. I believe they mostly referred to them as subscriptions or donations. I don't remember clearly whether the word "gift" was used, but (4631) it would have the same import.

It is not a fact that either I or the Wrigley Company felt that these things were gifts and intended them for gifts and donations even though we had in mind that they would benefit us, nor was that the reason for differentiating the treatment of these items from the other items of the advertising account.

The figures I produced yesterday include items which there is not the slightest scintilla of doubt in my mind were straight advertising. It includes also items which we classified as donations on our books. I don't deny that there may have been some humanitarian aspects to

the case, but on the other hand I do say that we very often drove a bargain in such cases.

6839 As to how we know we received the benefits and advantages from these items concerning which I testified yesterday, I will say I think the lists we produced yesterday of the sales which were offered in evidence and were rejected is one of the best proofs we could have produced that the business did get some advantage. It is not likely that we would have had business from the Y. M. C. A. had we not contributed or had we turned the request for subscription down.

Some of these gifts were given directly with the hope or expectation of receiving benefits and with that understanding. Others were not. Not all of the items embraced in Wrigley Exhibit 71 were given with the direct understanding that we would receive benefits. They may have all been given with that purposes. Some were given, as I understand, with that understanding. They were all con-
(4632) sidered by us as legitimate items in the course of our business and necessary items and expenses that we had to incur to attain the business we did. I want to point out, so that there is no misunderstanding, that the items under Wrigley Exhibit 71 are by no means the total of the miscellaneous account.

6840 There are other items that we really don't consider had any effect on the business whatsoever. We would have done just as well had we not given them from a business standpoint. They are still in the advertising accounts. We have not altered our books or attempted to make any different system or different headlines or anything. I do not mean by that we included them in our account as originally filed in this case.

The dissection of the advertising items in the account filed with the master is arrived at through a subsidiary book of record which I have referred to and such items only have been taken as are under the captions, I believe, given in Touche-Niven's report, page 5. The other items have been excluded or treated in different ways. Some of it is already appearing under overhead.

6841 The sale to F. B. Hitchcock & Company of some 20,000 shares of the stock of the Wrigley Company, to which I testified, was at the time when it had been determined to list the stock and make a market. I did not state yesterday that the market started somewhere about $57 per

share. What I stated was that the understanding between ourselves and F. B. Hitchcock & Company was that they would offer the stock widely through the U. S. A. at the price of $57. The difference between the purchase price and their sales price being the amount they received to cover their expenses and their profit.

(4633) A further stipulation was attached to the sale through Hitchcock that their customers would furthermore hold the stock sold by Hitchcock & Company for one year and not throw it on the market so as to depress any few

6842 shares that might come on the market.

I am not prepared now but I can get the figures to show how the market of the Wrigley shares increased from month to month and what it is now. We do not bother ourselves much about the stock price.

6844 As to whether or not all of the officers and directors named on the sheet which has been put in evidence and is the list of the salaries of executive officers of the Wm. Wrigley Company have participated in and given their support to the two suits commenced by the Wm. Wrigley Jr. Company against the L. P. Larson Jr. Company I will say, whether they have participated in or given their support to the suit against the Larson Company by the Wrigley Company specifically I don't know. I explained in the testimony that my first appearance on the scene here was in September, 1914, or October, 1914. Take, for instance, A. G. Cox retired in 1915. I don't know just who participated in the suit. I was not here at that time and I don't know what part he took if he took any. Take, for instance, J. H. Patrick, what part he had to do or took in the suit I don't know.

6845 I came here about September or October, 1914.

The active officers of the Wrigley Company when I came here were Wm. Wrigley Jr., president; J. H. Patrick, secretary; A. G. Cox, vice-president and treasurer. There were no other officers at that time or direct-

(4634) ors who were active in the business.

6846 O. J. Buck was not connected with the company at that time. I refer to the latter part of 1914. Mr. Buck separated himself from the company as an active official at the end of 1913. I do not know whether I was here and connected with the company at the time the two cases were tried before Judge Anderson. I know nothing about the cases prior to the accounting part of it. I

never heard the cases mentioned. I do not know who was responsible for the prosecution of those two cases against the Larson Company.

I had no knowledge or information that A. G. Cox verified the second bill filed against the Larson Company in June, 1915.

I first became an official of the company in January,
6847 1916.

Redirect Examination by Mr. Mayer.

Inquiries were made of me from time to time while Touche, Niven & Company were examining the books and records of the Wrigley Company which called for disclosures regarding items of the nature shown on Wrigley Exhibit 71. Those inquiries were made of me for communication to Touche, Niven & Company's auditors who were examining our books.

This subsidiary record to which I have referred was not withheld from inspection by Touche, Niven & Com-
6848 pany's employes. They sometimes received it through one of our employes. It was at their displosal and they were told it was at their disposal to enable them to do the work easier than they otherwise would have been able to do it.

I really do not know whether Touche, Nixen & Com-
(4635) pany made any investigation of the items of the character shown on Wrigley Exhibit 71. We didn't know what Touche, Niven & Company were doing. They had the books at their disposal in a separate room and one of our employes at their disposal to get the records they required and we did not attempt to keep any tab on what they were doing or what they were looking at or what they were investigating. We knew in a general way sometimes what they were doing from the questions they would ask, but I will say that they could not investigate our books without clearly finding out that the items such as those shown on Wrigley Exhibit 71: Stanley 1, were in the books of account. If they had looked under
6849 the advertising account and the account of advertising matter they could have found the items that I have detailed here and which are shown in Wrigley Exhibit 71: Stanley 1. All the vouchers were at their disposal and still are.

(Mr. Mayer then asked the witness whether there were any of the items on Wrigley Exhibit 71: Stanley 1, included in the accounts filed in this case before the Master by the Wm. Wrigley Jr. Company. Mr. Adrich objected, stating that had been specifically answer in the negative.)

When I said in answer to one of Mr. Aldrich's questions to the effect that we wer advised by counsel that some items were not deductible, I did not in that answer refer to any of the items shown in Wrigley Exhibit 71: Stanley 1. As a matter of fact, there was not time to prepare a list of subscriptions of the general type shown on Wrigley 71: Stanley 1, before our original account was filed, or for a long time thereafter. I found it a physical impossibility to do it, hence the footnote on the
(4636) bottom of page 18.

There was no other reason for not including in the account originally filed before the Master the items shown on Wrigley Exhibit 71, except that there was not sufficient time for us and our counsel to examine those items and items which I said were thousands in number for donations and gifts and subscriptions.

When I referred to our being advised by counsel that some items were not deductible, I was not referring to the time preceding the preparation and filing of our original account.

The facts are as follows: The day the account was ready for presentation to the master the list had not been prepared. It was necessary to close the account to present something to the Master and the lists that I had prepared at that time were in such shape that I could only give an approximate amount, and I believe we telephoned over to the court and that those figures were inserted, not in our office. I think we telephoned $280,000 and afterwards gave testimony to the effect that the $280,000 was wrong, that it should be $218,000. That's my impression at this time.

6851 In the questions that Mr. Aldrich put to me pertaining to deductions for Red Cross and other subscriptions from our income tax returns, the provision of law I had in mind was Regulation 33 issued by the Treasury Department which permits a deduction for advertising even though it might be a charitable organization which does not permit a corporation, as contradistinguished from a prive person, a deduction of any amount for charitable

(4637) purposes other than such charitable purposes as have
6852 a direct benefit for the employes of the corporation. Many of the items which are included in our list are items for paid advertising which the Government allows whether the program has only a circulation of two or ten million. If you can produce one piece of advertising, it is an allowable deduction in connection with the payment made and whatever the payment may be, but without that it is not considered a deduction as far as corporations are concerned from profits.

When I said that some of the subscriptions shown on Wrigley's Exhibit 71 were made with the direct understanding that the Wrigley Company was to have a benefit from them and that some were not so given, I did not mean by anything that I said to state or to imply that any of the items shown on Wrigley Exhibit 71: Stanley 1 were not given with the intention that the good will and business and sales of the Wrigley Company were to be enchanced.

As to what I meant when I said that some of those subscriptions were made with the direct understanding that we were to have a benefit I will say in some cases where we would have a subscription to an exchange or
6853 something, we would make an arrangement with the exchange that they should have our goods on sale and probably at about the same time you will find a bill of sale of our goods to the respective party in the ledger. On the other hand, you will find under the advertising account an item under miscellaneous advertising to the same party. Some of our subscriptions are made with that understanding, that they will be taken out in goods.
(4638) Some of those subscriptions shown on Wrigley Exhibit 71: Stanley 1 were made without any such direct understanding. In same cases where the goods were already being purchased from us we make it to get the good will of the party to whom we were selling.

The explanation I have made is all that I mean in answering Mr. Aldrich's question to the effect that sometimes some of these donations were made with the direct understanding that we were to have a benefit from them and sometimes there was no such understanding.

6854 EDWARD W. ECKERLEY, called as a witness on behalf of the Wm. Wrigley, Jr. Company, having been heretofore sworn, testified on direct-examination by Mr. Mayer:

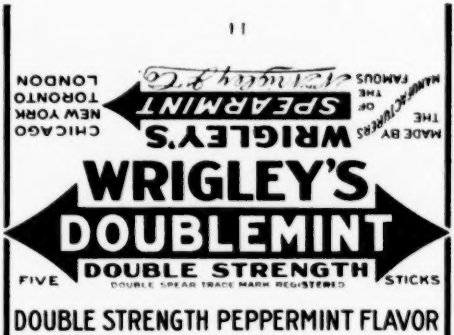
I have not samples here of all the coupon wrappers that were used by the William Wrigley Jr. Company at
6855 any time during the accounting period, but I have samples showing all of the changes with the exception of some foreign labels that may have a little different type matter on the coupon counterband wrapper.

I have here a counterband wrapper coupon of Doublemint gum at the time it was first marketed.

6857 (Mr. Aldrich objected. The objection was overruled. Mr. Mayer offered the said Doublemint coupon wrapper in evidence. Mr. Aldrich objected. The objection was overruled and the said wrapper was received in evidence and marked Wrigley Exhibit 72.

6858 The face of said Wrigley Exhibit 72, reproduced in its original colors, is as follows:

(4639) EXHIBIT 72.



The back of said exhibit is a United Profit Sharing Corporation No. 1 coupon.

6859 (The witness then produced what he said were the second, third, fourth, fifth and sixth counterband coupons used by the Wm. Wrigley Jr. Company in connection with Doublemint gum. The said coupons were then separately offered in evidence and were received in evidence over the objection of Mr. Aldrich made at the time each was offered, and marked respectively Wrigley Exhibits 73, 74, 75, 76, 77 and 78.

6860-65 Wrigley Exhibits 73-78, both inclusive, have the same general appearance and are practically the same in wording as said Wrigley Exhibit 72 and are not distinguishable from said Exhibit 72 without a minute examination.

(4640) I will explain the mutilations of these Exhibits.

6866 These sample coupons counterband wrappers were taken from the coupons after they came back to us and have been redeemed through the United Profit Sharing Corporation. The small corner or space torn from each wrapper indicates that the coupon has been cancelled at the redemption station by one of the United Profit Sharing Company's employes.

I do not distinguish between the expression "coupon counterband wrappers" and "counterband wrapper coupons". It is the same thing.

Practically all of Wrigley's Doublemint gum sold during the accounting period included in the gum accounted for by the Wrigley Company in the accounts filed with the Master was wrapped in counterband wrapper coupons exactly like one or the other of these seven counterband wrapper coupons that I have produced this morning with the exception that we also had special counterband wrapper coupons printed for some of our special cus-

6867 tomers, and there was also a change on some of our foreign labels when shipped abroad which would eliminate the coupon panels of the counterband wrapper coupon as already submitted.

I have used the expression "coupon panel". I will explain what I mean by "coupon panel". On Wrigley Exhibit 72 the coupon panel is the lower part of the wrapper. When the wrapper is around a package of gum it forms four sides. One top, one bottom and two sides.

I call each side of the counterband wrapper as exposed to the purchaser a panel.

The bottom panel is on the bottom of the package of gum when it lays in the box, and this represents the coupon panel.

(4641) The word "coupon" appears on each of the socalled coupon panels on every one of these seven Exhibits that I have produced here this morning.

The part of thse counterband wrapper coupons which are produced here this morning, which is on the outside
6868 of the package as it is sold to the consumer, I would call the front of the label or the front of the wrapper. The back of the wrapper can then be called the coupon itself. Really the entire counterband wrapper is the coupon, but the instructions and obligation, telling the consumer or the person who saves the coupons just how to collect or accumulate or redeem is fully explained on the back of each counterband wrapper coupon.

I have testified that these seven exhibits, Wrigley Exhibits 72 to 78, inclusive, represented the only kind of counterband wrapper coupons used in the sale of Doublemint gum by the Wm. Wrigley Jr. Company in the accounting period with certain exceptions which are designated as special brands.

By a special brand I really mean that the sales during the accounting period of Wrigley's Doublemint gum as sold to these agents who operate on the trains were of the same kind as the seven samples submitted, Exhibits
6869 72, to 78 inclusive with the exception that these special counterband wrapper coupons would be printed showing the name of the customer or purchaser. I have a sample of each kind of these special counterband wrapper coupons to which I have referred, whether used for domestic or for foreign purposes.

(4642) March 1, 1923, 2:00 o'clock P. M.

6870 I now produce eight of these special counterband wrapper coupons, each being a sample of a special counterband wrapper coupon used for the particular customer
6871 named on the coupon.

(Mr. Mayer then offered in evidence the eight counterband wrapper coupons just produced by the witness. They were received in evidence over the objection of Mr.

Aldrich and marked respectively Wrigley exhibits 79, 80, 81, 82, 83, 84, 85 and 86. They were eight counterband coupon wrappers put out specially for Van-Noy Interstate Co., The Union News Company, The Parker Railway News Co., Long Island News Co., Inter City Car Advertising Co., The Crescent News and Hotel Company, Broadway Subway and Home Boroughs Car Advertising Co., Inc., and A. D. & N. Co.)

6872-6875 The face of said Wrigley Exhibit 79, reproduced in its original colors, is as follows:

EX. 79.

(4643) The back of said Exhibit 79 is a United Profit Sharing Corporation No. 1 coupon.

Said Wrigley Exhibits 80 to 86, both inclusive, are in all respects identical with said Wrigley Exhibit 79 except that the name of the particular customer for whom the counterband wrapper is intended, is inserted in the green double spear in the place where said name "Van-Noy Interstate Co." appears in said Exhibit 79.

(4644) These eight labels which I have just produced and
6876 which are now marked Wrigley Exhibits 79 and 86, both inclusive, were put on five-stick Wrigley Doublemint packages and were sold by the concerns named on the respective exhibits.

(It was understood that Mr. Aldrich's objection went to this whole line of evidence.)

I now produce four counterband wrapper coupons in which the Wm. Wrigley, Jr. Company wrapped its Doublemint gum in five-stick packages and sold the same during the accounting period in North China, France, Java and Straits Settlements.

(Mr. Mayer then offered in evidence the said four counterband wrapper coupons just referred to by the witness. They were received in evidence over the objection of Mr. Aldrich and were marked Wrigley Exhibits 87, 88, 89 and 90.)

6877 Said Wrigley Exhibits 87-90, both inclusive, are as fol-
6878 lows:

WRIGLEY EXHIBIT NO. 87.

WRIGLEY EXHIBIT NO. 88.

WRIGLEY EXHIBIT NO. 89.

WRIGLEY EXHIBIT NO. 90.

The backs of said four exhibits are blank.

(4645) The backs of said four exhibits are blank.

(4646) The Doublemint during the accounting period for
6879 the foreign countries other than the four just named was wrapped in a counterband similar to the seven exhibits numbered from 72 to 78, both inclusive, excepting that the foreign counterband wrappers were not United Profit Sharing Coupons. The United Profit Sharing Coupons were used in the United States only and the lower panel which I have referred to as coupon panel would be changed on those foreign counterband wrappers so as to have a similar panel to the one already shown on the wrapper with foreign language printed thereon, reading as one of our slogans, or something that appears in our Ad matter.

6880 I mean that the Wrigley Company sold the gum wrapped in Doublemint counterband wrappers and which has been included in the account filed in the foreign territory other than North China, France, Java and Straits Settlements in counterband wrappers like Wrigley Exhibits 72 to 78 inclusive, except that there was no coupon on the back and that there was no so-called coupon panel on the face of the wrappers and that instead of the coupon panel there would be a repetition of one of the other panels shown on Wrigley Exhibits 72 to 78, inclusive, or one of our slogans such as "Perfumes the breath," and in some instances this substitute for a coupon panel would be in the language of the foreign countries in which the gum was sold.

As to whether we always used during the accounting period for the customers named on Exhibits 79 to 86 respectively counterband wrapper coupons identically like those eight exhibits, I will say we made no changes in those eight exhibits at any time except that from time to
(4647) time we would make in them changes corresponding to the changes that occurred in the coupon panel on Wrigley Exhibits 72 to 78, both inclusive, and also changes on the back portions of Exhibits 79 to 86, inclusive, corresponding to changes which would be made on the backs of Ex-
6881 hibits 72 to 78, both inclusive, those changes having reference only to changes in the phraseology on the back part of the coupons which describe the method of redemption, and so forth, and those changes also have reference only to that part of the panel on the front of the counter-

band wrappers which I have described as the coupon panel.

I have now described fully and correctly all of the different kinds of counterband wrappers and counterband wrapper coupons in which all of the Doublemint gum accounted for before the Master in the filed accounts was wrapped.

It is a fact also that all of these different types of counterband wrappers and counterband wrapper coupons that I have described were on the outside of packages of all of the Wrigley's Doublemint gum accounted for, each of said packages consisting of five sticks.

All of these various counterband wrappers or counterband wrapper coupons which I have described and referred to were on the outside of the five-stick package of Doublemint gum as it was sold to the ultimate consumer.

6882 In referring to the counterband wrappers and counterband wrapper coupons which I have described today and in my answers pertaining to them having reference to the filed account, I meant the account filed by the Wm. Wrigley, Jr. Company, the West Virginia corporation as distinguished from the Canadian corporation and the Australian corporation.

(Mr. Mayer then asked the witness whether he could (4648) state what the total amount of the sales was of Doublemint gum included in the account filed by the West Virginia company wrapped in wrappers like Wrigley Exhibits 79 to 90. Mr. Aldrich objected. The objection was 6884 sustained. Mr. Mayer then made the following offer of proof: "I offer to prove by the witness that the total amount of sales of Doublemint gum during the accounting period wrapped in counterband wrappers or counterband wrapper coupons similar to Wrigley Exhibits 79 to 90, both inclusive, were both as to the extent of the boxes, the amount realized therefrom, the domestic sales, the 6885 foreign sales and the periods of time into which the accounting period has been divided, all as indicated on the statement which I now present and which shows an aggregate of 559,831 boxes of gum thus wrapped and sold for $278,160.45." Mr. Aldrich objected to the offer and the objection was sustained. Mr. Mayer then made the following offer of proof: "I offer to prove by this wit-

ness that the written statement just referred to is correct and that all the information purporting to be shown thereon is correctly shown and that the books and records of the Wm. Wrigley, Jr. Company furnished the information for that purpose and they are available to the master and to opposing counsel and have been, and that the written statement in question has reference only to the sales of Doublemint gum wrapped in counterband wrap-
(4649) pers or counterband wrapper coupons similar to Wrig-
6886 ley Exhibits 79 to 90, both inclusive." Mr. Aldrich objected to the offer and the objection was sustained.)

(The written statement which Mr. Mayer had said showed an aggregate of 559,831 boxes of gum sold for $278,160.45 was offered in evidence by Mr. Mayer. Mr. Aldrich objected. The objection was sustained.)

(Said statement so offered but not received in evidence was marked, "Wrigley Exhibit 91, offered not admitted."

6887 Wrigley Exhibit 91, offered, not admitted. Said offered exhibit was, however, subsequently reoffered and received in evidence as Wrigley Exhibit 91. Said exhibit is as follows:

(4650)

PERIOD	DOMESTIC SALES		FOREIGN SALES		TOTAL SALES	
	Boxes	Amount	Boxes	Amount	Boxes	Amount
July 28 to Dec. 31–14	16,394	$ 8,024.80			16,394	$ 8,024.80
Jan. 1 to Dec. 31–15	66,701	34,611.20	3,010	$ 1,327.88	69,711	35,939.08
Jan. 1 to Dec. 31–16	77,414	40,099.80	6,564	2,716.00	83,978	42,815.80
Jan. 1 to Dec. 31–17	91,095	47,548.20	18,590	6,593.93	109,685	54,142.13
Jan. 1 to Aug. 24–18	68,048	37,306.50	58,015	26,668.31	126,063	63,974.81
Aug. 25 to Oct. 4–18	19,090	10,491.25	45,050	20,823.50	64,140	31,314.75
Oct. 5 to Nov. 12–18			89,860	41,949.08	89,860	41,949.08
TOTAL —	338,742	$178,081.75	221,089	$100,078.70	559,831	$278,160.45

(4651) March 6, 1923, 10:30 o'clock A. M.

6889 (Mr. Lane offered in evidence, according to agreement with Mr. Aldrich, a copy of a bound volume containing copies of exhibits Wrigley 64: Buck 1 to 56-C, inclusive, subject to comparison with the originals and subject to any corrections, if error appear in the copies as compared with the ones that were originally filed. The offer was made with the further understanding that all objections Mr. Aldrich had made to the several instruments that were originally offered stood likewise to said offer by Mr. Lane of the bound volume.)

6890 (Said bound volume of Wrigley Exhibit 64: Buck 1 to 56-C, inclusive, so offered was received in evidence and marked Wrigley Exhibit 64. Buck 85.)

Wrigley Exhibit 64; Buck 65.

(4652) HAROLD BENNINGTON called as a witness on behalf of Wm. Wrigley Jr. Company, being first duly sworn testified on direct examination by Mr. Mayer:

My name is Harold Bennington. I am forty-seven years old. I have lived in Chicago seventeen years. I am a public accountant. I am partner in the firm of
6891 Ernest Reckitt & Company. I have been in the firm seventeen years, for about three years as an employe and the balance of the time as partner. Their principal office is in the Marquette Building, Chicago. They also have offices in New York. I am a certified public accountant in Illinois and Pennsylvania.

I went into the office of a public accountant immediately after leaving school and I have been in the public accounting business continuously for thirty years with two short intervals when for about three years about eighteen years age I was chief accountant for a brewery in England, then during the late war I was for twenty months down in Washington in charge of the finance branch of the Department of Military Aeronautics. I went in as a cap-
6892 tain; I came out as a lieutenant colonel.

I think about the first ten months I was in Washington I was in charge of the accounting matters relating to the construction of aviation cantonments and after that I was in charge of the finance branch of the Department of

Military Aeronautics which had to do with approving all of the appropriations made for expenditures, the assigning of finance officers to different stations and the auditing of expenditures. I might add that I also had to make contracts with the builders of those cantonments.

(4653) In my capacity as an accountant I have investigated from an accounting point of view almost every kind of business one can think of, manufacturing, merchandise. I could give a long string of different occupations of every kind. Many of the businesses I have so investigated have been extensive and national in their scope.

I am a member of the Institute of Chartered Accountants in England and a member of the American Association of Public Accountants, have been one of the Board of Governor's of that body; member of the Illinois Society of Public Accountants, have been president of that body.

I have written articles at different times for the Journal of Accountancy and for the English publication called The Accountant.

I am not a stockholder or financially interested in the Wm. Wrigley Jr. Company. I have never been. I have

6894 met Wm. Wrigley Jr. since I became connected with this case but not before.

This is the first time I have seen Mr. Larson so far as I know. I have done no business for Mr. Larson's company.

As to whether I have done any business for Wm. Wrigley Jr. or any of the officials of Wm. Wrigley Jr. Company or for Wm. Wrigley Jr. himself except in connection with matters about which I am to testify I will say I have made an audit of the Hahenemann Hospital of which Mr. Wrigley, I believe, is one of the trustees, and I think it was at the suggestion of Mr. Cox that I did that work. That was about three years ago. That is the only work I ever did for the Wrigley Company or any of its officials

(4654) outside of the matters that I am going to testify to.

I have examined the accounts filed by the Wm. Wrigley

6895 Jr. Company in the case on hearing on December 3, 1918, on December 10, 1918, and on March 6, 1919, and also an account filed in this case marked Larson Exhibit 132, being a report filed by Touche, Niven & Company dated October 25, 1921, and also a report dated June 17, 1920, addressed to C. B. Morrison, Esq., master in chancery, made by Marwick, Mitchell, Peat & Company.

(The master then stated that the report referred to as made by Marwick, Mitchell, Peat & Company was in fact made by James Hall of that firm and was filed with the master on June 17, 1920, and that it was to be considered a part of the record in this case and marked "Filed June 17, 1920. James Hall report.")

In that connection I have examined the testimony taken before the master bearing upon matters contained in
6896 those reports; to some extent I have also examined the books, records, vouchers and written data of the Wm. Wrigley Jr. Company in connection with matters referred to in the reports made.

(Mr. Mayer then asked the witness to state to the master in a general way the nature of that examination which he made and the result thereof. Mr. Aldrich objected. The objection was overruled.)

6897 I was brought into this case by the attorneys for the Wrigley Company who handed me the accounts as filed by the Wrigley Company, the Touche, Niven & Company
(4655) report and the report of Marwick, Mitchell, Peat & Company, with the request that I should look them over and advise them as to whether the claims made as to the inaccuracy of the filed account in certain respects were well founded or otherwise, and where I was in doubt to go to the records of the Wrigley Company and satisfy myself.

I found that a number of the claims made by Touche, Niven & Company as to inaccuracy, clerical inaccuracy, were well founded and had apparently resulted from the haste with which the original account had been compiled.

I found myself in disagreement with Touche, Niven & Company's conclusions on certain other matters, and
6898 after making corrections of the errors pointed out by either Marwick-Mitchell or Touche, Niven & Company which in my opinion were errors and should be corrected I then made up a revised account, giving effect to them, threw it into the shape of a report, attaching schedules and statements explaining just what these corrections were, the nature of them, and why they had been made. I want to make it quite clear to the master that I have not investigated the books and records of the Wrigley Company further than was necessary to answer the criticisms made by the other two accountants, that is to say, if they criticised an item included in the filed account, I would

then go into the Wrigley Company's books to satisfy myself whether they or the Wrigley Company were right, but where an item has not been disputed either in the testimony in the case or by the accountants, I have not gone into it and I have just included it in my revised account at the figures at which it originally appeared in the filed account.

(4656) I have reduced that report to writing.

(The witness then produced the said report and Mr.
6899 Mayer offered it in evidence and asked that it be marked Wrigley Exhibit 92: Benington 1. Mr. Aldrich objected and the master ruled that the report might be treated as in evidence for all purposes of examination, subject to his later decision as to whether it should be received in evidence or excluded.)

6900 Wrigley Exhibit 92; Benington 1 correctly shows my opinions except so far as I have indicated therein that I express no opinion. The opinions that are expressed in Wrigley Exhibit 92: Benington 1 are my opinions. I consider them sound as an accountant, and all the statements contained in that exhibit express my views to the extent expressed and as expressed. My opinions and expressions of opinions as set forth in Wrigley Exhibit 92:
6901 Benington 1 are based upon my examination of the books and records of the Wm. Wrigley Jr. Company, the West Virginia Company, and the three accounts referred to, namely, the Wrigley Company's filed accounts under the dates named, the Marwick, Mitchell, Peat & Company report and Touche, Niven & Company report, marked Larson Exhibit 132.

(Mr. Mayer: I will refer to the accounts filed with the master by the Wm. Wrigley Jr. Company, the West Virginia company, on December 3, 1918, December 10, 1918, and March 6, 1919, from time to time as the Wrigley filed account or the original account, or the account already filed, or the filed account.)

The witness continued:

6902 The rates of depreciation as used by the Wm. Wrigley Jr. Company in its filed account were, in my opinion, fair and proper rates to apply to the property in question
(4657) and such as are usual in commercial practice. The amount of depreciation on the items referred to are the same on the Wrigley filed account as they were shown from time to time on Wrigley's books and records.

The Wrigley Company's books of account and records are such as to enable me as an accountant to segregate all items necessary to show the profit or losses sustained in
6903 the Doublemint business during the accounting period, that is, from July 28, 1914 to November 12, 1918.

(Mr. Mayer then asked the witness whether he could tell what the usual allowance was for manufacturing profits during the accounting period. Mr. Aldrich objected. The objection was sustained. Mr. Mayer then offered to prove by the witness that there was a usual, customary allowance for manufacturing profits allowed to manufacturers during the accounting period, that the witness was familiar with what that allowance was and that the usual allowance for such manufacturing profits was
6904 10 per cent of the cost of manufacture. Mr. Aldrich objected to the offer. The objection was sustained.)

(4658) I have made a computation of manufacturing profit on
6904 Wrigley's Doublemint Gum during the accounting period based on its manufacturing cost on a basis of ten per cent.

(The witness produced said statement. It was offered in evidence by Mr. Mayer. Mr. Aldrich objected, and the objection was sustained.)

(Said computation was offered but not received in evidence. Was marked Wrigley Exhibit 92: Bennington 2, offered, not admitted.)

6905 (Mr. Mayer then asked the witness what that ten per cent manufacturer's cost would amount to during the first accounting period, namely, July 28th to December 31st, 1914. Mr. Aldrich objected. The objection was sustained.)

Mr. Mayer offered to prove by the witness that it would amount to $27,415.81. Mr. Aldrich objected. The objection was sustained.

It was thereupon agreed by and between the parties that the understanding throughout the case had been and still was that where either party was overruled by the master an exception stood to the master's ruling without the formal entry thereof, and that such agreement applied in reference to rulings on offers of proof the same as to other rulings.

Mr. Mayer then asked the witness what that ten per cent on the manufacturer's cost would amount to during

the accounting period. Mr. Aldrich objected. The objection was sustained.

(4659) Mr. Mayer offered to prove by the witness that it amounted to $403,693.36, as shown by Wrigley Exhibit 96, Bennington 2. Mr. Aldrich objected. The objection was sustained.)

6908 March 6, 1923. 2 P. M.

HAROLD BENNINGTON, resumed the stand for further direct examination by Mr. Mayer:

I have here statements in which I have figures on the Wrigley invested capital at 6 per cent and also at 5 per cent.

(The witness produced said statements.)

(Mr. Mayer offered said statements in evidence, and they were received in evidence as Wrigley Exhibit 92, Bennington 3, and Wrigley Exhibit 92, Bennington 4. Wrigley Exhibit 92, Bennington 3, is headed "Interest on Capital invested at 5%, August 1, 1914, to October 4, 1918". Wrigley Exhibit 92, Bennington 4, is headed "Interest on Capital Invested at 6%, August 1, 1914, to October 4, 1918".)

6909 I have prepared a statement showing what the interest would be on the invested capital as shown in statement 8, being page 38 of my report filed this morning as Wrigley Exhibit 92, Bennington 1. If the interest is computed at 6 per cent, and also if the interest is computed at 5 per cent.

(The witness produced the said statements. They were offered in evidence by Mr. Mayer and received in evidence (4660) as Wrigley Exhibit 92, Bennington 5, consisting of two sheets, and Wrigley Exhibit 92, Bennington 6, consisting of two sheets. Wrigley Exhibit 92, Bennington 5, is headed "Interest on Capital Invested at the rate of 5% (excluding good will, patents and Canadian and Australian companies)". Wrigley Exhibit 92, Bennington 6, is headed "Interest on Capital invested at rate of 6% (excluding good will, patents and Canadian and Australian companies)".

6910 It is correct to say that Wrigley Exhibit 92, Bennington 3, and Wrigley Exhibit 92, Bennington 4, are computations at five and six per cent interest, respectively, on

the amount of invested capital as included in the account filed in the first instance by the Wm. Wrigley Jr. Company.

It is correct to assume that Wrigley Exhibit 92, Bennington 5, and Wrigley Exhibit 92, Bennington 6, are computations at five and six per cent interest, respectively, upon the invested capital in the Wrigley business revised in accordance with statement 8 of the report which the Wrigley Company filed today as Wrigley Exhibit 92, Bennington 1.

I have made a computation of the amount of interest on invested capital in the patents at five per cent and also at six per cent, assuming that the invested capital figure used in the Wrigley filed account is left unchanged and only the interest rate altered.

(The witness produced the said documents. Mr. Mayer offered them in evidence as Wrigley Exhibit 92, Bennington 7, where the interest was computed at 5%, and Wrigley Exhibit 92, Bennington 8, where the interest was computed at 6%. Mr. Aldrich objected. The objection
(4661) was overruled, and the said documents admitted in evidence.

Wrigley Exhibit 92, Bennington 7, consisting of two
6912 sheets is headed "Interest on Capital Invested in Patents and Patent Rights at 5%, August 1, 1914, to October 4, 1918".

Wrigley Exhibit 92, Bennington 8, consisting of two sheets is headed "Interest on Capital Invested in Patents and Patent Rights at 6%, August 1, 1914, to October
6913 4, 1918.")

I have made a calculation of interest at 5% and also at 6%, if the invested capital figures used in the Wrigley Company's filed account is revised in accordance with statement No. 10 at page 44 of my report, Wrigley Exhibit 92, Bennington 1.

(Mr. Mayer offered in evidence the said statements. They were received in evidence and marked Wrigley Exhibit 92, Bennington 9 and Wrigley Exhibit 92, Bennington 10, respectively.

Wrigley Exhibit 92, Bennington 9, is headed "Interest on Capital invested in Patents and Patent Rights calculated on average value in each year net book value at beginning and end of year divided by 2 at rate of 5%,

distributed between Doublemint and other brands in proportion to respective production".

6914 Wrigley Exhibit 92, Bennington 10, is headed "Interest on Capital Invested in Patents and Patent Rights calculated on average value in each year net book value at beginning and end of year divided by 2 at rate of 6% distributed between Doublemint and other brands in proportion to respective production".

(4662) I have made calculations of the amount of interest deductible in this accounting upon the assumption that the Wrigley Company bought a good will and paid $6,000,000 for it about January 1, 1912.

Statement 12 at page 49 of my report, Wrigley Exhibit 92, Bennington 1, shows the calculation of interest on good will at 7%.

(The witness produced the said statements. They were offered in evidence by Mr. Mayer, and received in evidence as Wrigley Exhibit 92, Bennington 11, and Wrigley Exhibit 92, Bennington 12, over the objection of Mr. Aldrich; it being understood that Mr. Aldrich's objection to this line of testimony as to interest on patents and good will applies to all similar questions.

6915 Wrigley Exhibit 92, Bennington 11, is a statement of "Interest on good will of $6,000,000 at 5%, July 28, 1914, to November 12, 1918".

Wrigley Exhibit 92, Bennington 12, is a statement of "Interest on good will of $6,000,000 at 6%, July 28, 1914, to November 12, 1918".)

Referring to Wrigley Exhibit 92, Bennington 11, and Wrigley Exhibit 92, Bennington 12, I have in the presence of the master and Mr. Aldrich cut off some foot notes that were at the bottom of those two exhibits. Those foot notes were merely some memoranda which did not in any way alter the figures shown in the exhibits as they are
6916 now offered in evidence. I have examined the exhibits
(4663) that were introduced in evidence with the testimony of Mr. Freeman, a witness on behalf of the Larson Company, who testified regarding the valuation to be paid upon good will.

As to whether I have made a calculation of interest at the rate of 7% upon the valuation of good will which Mr. Freeman testified existed in this case, I will say I have made a calculation by which I calculated the good will at the beginning of each of the accounting periods covered

by the filed account calculated on the Freeman theory, and I have then calculated what the interest on that would be at 7%. That appears as statement No. 13 on pages 50 and 51 of Wrigley Exhibit 92, Bennington 1.

I computed interest in a way similar to my computations on pages 5 and 51 of my report except to calculate interest on the supposed good will value at 5% and also at 6%.

6917 (The witness then produced the said statements, which Mr. Mayer thereupon offered and they were received in evidence as Wrigley Exhibit 92, Bennington 13, and Wrigley Exhibit 92, Bennington 14.

Wrigley Exhibit 92, Bennington 13, is a statement headed "Interest on good will at rate of 5% per annum, distributed between Doublemint and other brands in proportion to sales".

Wrigley Exhibit 92, Bennington 14, is a statement headed "Interest on good will at rate of 6% per annum, distributed between Doublemint and other brands in protion to sales".)

Ten years is the number of years purchase used in Freeman Exhibit 145-A.

(4664) I have prepared statement similar to Wrigley Exhibit 92, Bennington 13, and Wrigley Exhibit 92, Bennington 14, using, instead of a ten years purchase, years of purchase ranging from two to nine years, both inclusive, and using interest on tangible assets at 6% and also at 7%.

6918 WILLIAM HENRY STANLEY, recalled as a witness on behalf of the Wm. Wrigley Jr. Company, testified on direct examination by Mr. Lane as follows:

Starting in May, 1914, Mr. J. R. Offield was paid for general legal services by the Wm. Wrigley Jr. Company at the rate of $10,000 a year. Those payments were made quarterly, that is, $2500 a quarter.

For that salary Mr. Offield was at the general disposal
6919 of the company and his principal services were in connection with trade-marks. He was paid no other compensation for services than this regular salary during the accounting period. Mr. Offield was not paid any other compensation than his usual salary during the accounting

period from May, 1914, to the end of the accounting period.

6920 George F. Desbien was a salesman or traveler engaged by us, either toward the end of 1914, or the beginning of 1915, to travel in the far orient, selling our goods, such as we decided to put on the market then; that is, Spearmint and Doublemint. I believe the question arose in the Marwick-Mitchel account that his expenses should be disallowed because we did not sell any Doublemint in Japan until 1915, towards the end, or 1916. That fact has been overlooked in that account, however, that Mr. Desbien (4665) was engaged by us to advertise and attempt to sell both Spearmint and Doublemint. We have allocated part of his expenses over Doublemint.

The work done by Mr. Desbien was done in connection with the sale of Spearmint as well as Doublemint gum. In some countries he did actually sell Doublemint. That is the reason we have included that in this account, precisely the same as miscellaneous advertising.

6921 With respect to the Paris office expenses testified to by Mr. Paine, I will say the same reasoning applies to the Paris office expense as to Desbien's expense. As far as the Paris office is concerned, I was in 1914 manager of that office. The mere fact that I did not or could not sell any Doublemint does not mean to say that we did not attempt to. We had full details of the Doublemint gum in Paris and did offer samples of that gum to the trade. That was in 1914 while I was there. So we charged that to Doublemint gum account on the basis of sales as an overhead on that account.

6922 I made the same attempt to sell that Doublemint gum in France as I did the Spearmint gum at that time. The amount involved in the question raised over the legal fees and expenses for organizing the Canadian Company is, I believe, an item of $1,322.88, which was incurred by us in connection with the organization of a company in Canada and the sale of our assets to the Canadian Company called Wm. Wrigley Jr. Company, Limited. The legal fees were charged by Osler, Hoskins & Harcourt, Toronto, and were for services rendered in connection with the preliminary investigation as to the organization of a company in Canada and the sale thereto of our rights and assets, and also (4666) as to the question of transfer of properties, the question of license, questions of incorporation and organiza-

tion, and also for rendering information with regard to
6923 the stock transfer trade, excess profits tax and succession duties. I have with me here the correspondence from Wm. Wrigley Jr. Company, Limited, transmitting us the bills covering the items.

The Wm. Wrigley Jr. Company paid $1,322.88 as a part of their expense incident to the incorporation of that company. The amount was originally paid by the Wm. Wrigley Jr. Company, limited, of Toronto, and debited back to the Wm. Wrigley Jr. Company of Chicago. It was ultimately paid by the Wm. Wrigley Jr. Company of Chicago.

Those two items of general taxes and licenses in Toronto, amounting to $100 and $150, respectively, that I refer to in connection with the letter are annual expenses which the Wm. Wrigley Jr. Company was compelled to pay in connection with the operation of that company, that Canadian company, before its incorporation. We were, before we transferred and sold our assets to the Canadian company, operating under a license in Canada, which necessitated an annual fee.

This amount of taxes of $100 and license fee of $150
6924 were paid by the Wrigley Company on account of its operation in Canada prior to the incorporation of the Canadian company.

The plans prepared for us by Prack & Perrine for the contemplated increase of our factory building, and concerning which Mr. Paine testified were never used and
6925 have to this day not been used, were thrown into the discard. The plan did not work out and was not satis-
(4667) factory to us. It was not opportune. The whole plan has been laid aside. It is practically permanently abandoned. We have the plans and that is all we have, that is, the sheets of paper on which the drawings are, are in our possession with no intention of carrying out the plans.

Those plans were made in connection with the brands of gum that we were at that time manufacturing; that is, Spearmint, Doublemint and Juicy Fruit, with a small quantity of miscellaneous brands.

As a matter of fact the building was completed under entirely different plans from the ones worked out by the architects to whom reference has been made. We abandoned the plans entirely, and had new plans drawn up and

erected a building on an entirely different scheme to that submitted by Prack & Perrine and by different architects. Those plans which were drawn up and abandoned would not be applicable to the structure as it now stands. I will refer to the books of advertising and state just what portions of them show advertising used during the ac-
6926 counting period, and what subsequent or prior thereto.

In Larson Exhibit 30, the first advertisement referring to Doublemint and the first advertisement appearing in that book of which we have allocated a part to Doublemint appears on page 206. From page 206 on to the end of the book we have used, there are shown on the pages advertisements, a part of which has been allocated in the Doublemint accounting as advertisements which were used during the accounting period.

In Larson Exhibit 31, the whole of the book contains advertisements, part of which has been allocated to Doublemint, and the advertisements in the whole book were used during the Doublemint accounting period.

(4668) In Larson Exhibit 32, pages 1 to 140, inclusive, show advertisements, a part of which has been used in the Doublemint accounting, the said advertisements having been placed during the period shown in the Doublemint accounting.

In Larson 33, from page 132 to the end of the exhibit, Larson 33 are pages showing advertisements used during the accounting period and advertisements of which a part has been allocated to Doublemint.

In Larson Exhibit 34, pages 1 to 15 show advertisements used during the accounting period and of which advertisements a part has been charged to Doublemint in the accounting.

6927 In Larson Exhibit 35, the whole of the book was used as containing advertisements placed during the accounting period, and of which a part has been allocated, with the exception of pages 121 to 123 and 160 to 162. The pages that I have not mentioned in my answer by not including the numbers are pages that contain advertisements either used before the accounting period or after the accounting period or are blank.

In Larson Exhibit 36, the pages are not numbered. They are photographs of window displays and sundry signs and odds and ends, but the pages that were used underlying vouchers for the Doublemint accounting are

the ones where a window display is shown of Wrigley's Doublemint from there on. Prior to that the displays, at the books will show, refer only to Wrigley's Spearmint, no part of which has been used in the Doublemint accounting as evidence for charges against Doublemint.

The numbers I have used are in each instance inclusive numbers.

Financial statements of the Wrigley Company for the
(4669) year 1911, as shown at pages 35 and 37 of the record,
shows an item of trade-marks, concessions and patents
6928 amounting to $7,500,000. During some of the previous years the word "patents" is not shown on the financial statement. Concerning that, I will say the caption shown on the financial statements, year by year, was not very carefully drawn. In 1911 and 1912 it is shown as trade-marks, concessions, patents, etc. In 1913 the same item is shown on the financial statement as trade-marks. In 1914 the same item is shown as good will and trade-marks. The same applies to 1915, 1916 and 1917. Then in 1918 the same item on the financial statement is shown as patents, patent rights, good will, trade-marks. Although under different captions during the year 1911 to 1918, inclusive, it is the same ledger account and covers precisely the same items year by year—trade-marks, concessions, patents, good will, and so forth.

There was no change in the item of seven and one-half million dollars, or what it represented on the books of the company from 1911 to 1918. The same amount, seven and one-half million dollars, was carried as an asset year after year from 1911 to 1918, inclusive, and covered the
6929 same items. It is practically what I would call carelessness in drawing up the financial statement that has resulted in different captions.

As to how the amount of working capital, cash, accounts and bill receivable used in connection with the manufacture and sale of Doublemint gum compare with the total amount used for manufacturing and selling all kinds of gum during the accounting period, I will say well, there was naturally an increase in the amount of capital need right along from 1914 to 1918. The increased sales necessitated a larger investment in accounts receivable. The increased sales would also naturally account for a
(4670) larger inventory in supplies. The space at the factory for the manufacture of gum was necessarily larger,

occasioned partly by the larger increase of raw materials needed, and also the space for manufacturing Doublemint in addition to the other brands of gum that we were then manufacturing. There was a general increase all the way along the line in the way of capital needed as Doublemint was added. Take, for instance, in the latter part of 1914, we manufactured a large quantity of Doublemint gum prior to its actual sale.

(Mr. Lane then asked the witness what proportion of the total amount of working capital, cash, accounts and bills receivable used in connection with the manufacture of all gums during the accounting period was used for Doublemint gum. Mr. Aldrich objected. The objection was sustained.)

6930 I know approximately what proportion of the working capital, cash, accounts and bills receivable were used by the Wm. Wrigley Jr. Company in connection with the manufacture and sale of Doublemint gum as compared
6931 with other brands during the accounting period. I will say that proportion was about the proportion which the Doublemint sales bore to the total sales of gum manufactured and sold by the Wm. Wrigley Jr. Company, with the exception that in the initial period of the introduction of Doublemint a heavier amount of capital was needed, owing to the fact that a great proportion of the first lot of Doublemint gum manufactured was distributed free of cost, not sold.

There was more advertising expense in connection with the initial sales of Doublemint gum than there was later.

I have here a copy of a financial statement of the Wm.
(4671) Wrigley Jr. Company for the fiscal year ending De-
6932 cember 19, 1918; and a photographic copy of the corporation income and profits tax return of the Wm. Wrigley Jr. Company for the year 1918, executed June 13, 1919.

(Mr. Lane offered in evidence the documents just produced by the witness.

Said financial statements of the Wm. Wrigley Jr. Company for the fiscal year ending December 19, 1918, were offered, were received in evidence and marked Wrigley Exhibit 93.)

6933 Said Wrigley Exhibit #93 shows current assets amounting to $10,651,963.35 and fixed assets amounting to $2,622,961.79, and $1,500,000.00 for "patents and pat-

ent rights" and $6,000,000.00 for "Good will, concessions, trade-marks" etc., making a total of assets of $20,774,-925.14. The item of liabilities shows $10,000,000.00 common stock and $1,500,000.00 preferred stock and dividends paid in 1918, $2,090,000.00, and "reserve for depreciation" $521,698.02, and "reserve for U. P. S. coupon redemption" $2,499,967.09, and "reserve for taxes" $1,800,-000.00, and "reserve for patents and patent rights" $705,882.32. Said exhibit also shows sales for 1918, $17,-048,206.53, and profits for $1918, $2,417,353.69, and profits for 1918, 14.18% of sales.

(4672) (Said photographic copy of the corporation income
6934 and profits tax return of the Wm. Wrigley Jr. Company for the year 1918 was offered, was received in evidence and marked Wrigley Exhibit 94, Sheets 1 to 6, inclusive.)
6935

6940 Said Wrigley Exhibit #94 shows, inter alia, the net income of the Wm. Wrigley Jr. Company for 1911, 1912 and 1913 and its invested capital during said three years and its Excess-profits and War-profits, credits, and a computation of taxes, and the taxable net income for the year 1918 and the amount of the company's outstanding common and preferred stock in 1911, 1912, 1913 and 1918 and the valuation of its patents, copyrights, good will and other intangible property in 1911, 1912, 1913 and 1918 and dividends and income taxes paid by it in 1918.

(4673) March 7, 1923. 10:30 A. M.

6942 WILLIAM HENRY STANLEY resumed the stand for further direct examination by Mr. Lane:

While Mr. Becton was on the witness stand testifying concerning redemptions of United Profit Sharing Coupons he gave certain figures of redemptions of these coupons by the United Profit Sharing Corporation which are slightly at variance with the figures shown in the filed account for the particular year periods of 1916, 1917 and 1918. The difference in the figures shown by us in connection with the coupons redeemed by the United Profit Sharing Corporation in our filed account as compared with the figures given by Mr. Becton his testimony is
6943 caused by the fact that the United Profit Sharing Cor-

poration on their books kept the redemptions as billed to the Wm. Wrigley Jr. Company whereas we keep our figures of redemptions for the month in which they are redeemed irrespective of the date of the bill. It does occur very often that the bill for redemptions in December is dated January of the following year. The United Profit Sharing Corporation on their books take that in as a January redemptions whereas we treat it as a December redemption, hence the variance in the yearly figures, but the total of the coupons in our account agrees with the total of the figures when added together of the testimony of Mr. Becton.

There is no discrepancy in the fact except on the question of the way in which the books are kept by the two institutions. The United Profit Sharing Corporation's records of total redemptions and that of the Wm. Wrigley Jr. Company's are the same during the accounting period.

(4674) *Cross-Examination by Mr. Aldrich.*

6944 The expenses in Paris mentioned by Touche, Niven & Company were incurred, I think, from the time we opened the Paris office in July, 1914, until some time in 1915. I think it was about the middle of 1915 when we cleaned up the account for expenses.

I was in the service of the Wrigley Company in Paris, but I returned to America about September, the end of
6945 September, 1914. I was in Chicago at the time that Doublemint was being talked about, and I got a letter from Mr. Wrigley in Paris before it was actually put on the market here in America. I did not have any Doublemint gum prior to July 28, 1914. I had one box of Dou blemint gum in Paris prior to my leaving for America. I cannot really tell when we arrived because the war was on, and I am afraid I did not keep very much of a record of it. I was all alone in the Paris office at that time. No sales at all were made in 1914. Nobody was left in the Paris office upon my return here in September.

I might give a further explanation so that you will
6946 know what did happen. I had two keys to the Paris office, and I brought one here with me and one I left with a friend in Paris with instructions to pick up the mail and attend to what was necessary for immediate atten-

tion, and to forward the rest on to me, but there were no employes when I left.

There was no part of the amount stated in the bill paid by the Wrigley Company ultimately in connection with the organization of the Canadian Company that was charged into capital account.

I have no knowledge of the Canadian Company books, but I know on the Wrigley Company's books there was no
(4675) such item entered as a capital item or any part of the item referred to yesterday charged to capital. I don't concede that any part of it should have been charged to capital account. I think that in a well managed company organization expenses are written off as an immediate expense. They are sometimes deferred when the company is weak.

6947 In my testimony yesterday I used the term "financial statement" in referring to good will, patents, trade marks, trade names, and so forth. It was never the custom of the Wrigley Company to give out any financial statements, but we did have a financial statement inserted in the minute book year by year which was presented to the stockholders at the annual general meeting.

In my testimony I referred to the report made by the managing directors to the stockholders, and to also the report made by the auditor to the directors, which report was passed on to the stockholders at the annual general meeting with a copy. Those are the reports that are in the record.

6948 It would not be correct to say with reference to the amount of capital needed for the manufacture of Doublemint gum that we sold the gum and had returns on it thirty days after sale. Our terms of sale are ten days two per cent, or thirty days net, but it by no means implies that our bills are paid in thirty days. Those are the terms we make to customers.

I should think we get our money back from our customers on an average about thirty days. I would not be positive.

Redirect Examination by Mr. Lane.

I included in my answers with reference to the Paris office expense, the advertising in connection with the Paris
(4676) office, as well as the actual expense of the office.

6949 I believe the bills under consideration now cover a lot of minor expenses that we wanted to clean up on account of the practical lack of being able to do further business in Paris. We wanted to wipe off the expense incurred so far and forget it.

The reasons I have given concerning the other Paris office expense is applicable equally to the Paris office advertising.

As to how long a time the material is kept on hand in which there is considerable investment in connection with the manufacture of Doublemint gum, I will say well, some items are ordered and delivered sufficient to last a whole year; other items will run a year and a half, that is, we have sufficient stock on hand to last that time. Flavors, for instance, are sometimes in stock for the whole year, maybe longer, wrappers, boxes. Chicle even longer than that. It has to dry out. Other materials are not kept such a long time, such as sugar, and then again we have investments in advertising matter. We order that sometimes to cover two or three years.

6950 The investment that is necessarily made in connection with the manufacture of Doublemint and other gums, both in the manufacture and in the sale, is one that extends over a considerable period of time and requires a very considerable investment.

Recross Examination by Mr. Aldrich.

The advertising, such as cut-outs, we pay for on delivery. By "cut-outs" I mean the cardboard window displays and counter displays and store displays. We paid for those as delivered.

(4677) *Re-redirect Examination by Mr. Lane.*

As to whether we keep those cut-outs on hand a very considerable time before we actually use them in many instances, I will say that since I have been with the Wrig-
6951 ley Company I have always endeavored to order advertising matter supplies for two or thre years at one time.

HAROLD BENNINGTON, resumed the stand for further direct examination by Mr. Mayer:

I have prepared statements similar to Wrigley Exhibit 92: Bennington 13 and Wrigley Exhibit 92: Bennington 14, using, instead of a ten years' purchase, years of purchase ranging from two to nine years, both inclusive, and using interest on tangible assets at five per cent.

Years of purchase are the multiple which Freeman uses in his calculation to apply to the result of his calcu-
6952 lation. He calls it ten years' purchase. It is really just an arbitrary multiple.

As to how one arrives at what that multiple should be, and what is taken into consideration in determining that question, I will say that, of course, goes to the root of the whole calculation as to the merit of it. Of course, if the calculation is a fair one at all, the number of years' purchase is dependent upon the stability of the business and the likelihood of its being free from competition, and altogether on the probability of its going on indefinitely. If you had a thing like the Rock of Ages, of course ten years would not be an unsual multiple, but if you had something like a kewpie doll, which is a notional article, of course it would be ridiculous to apply ten years' purchase. In
(4678) such an instance I am frank to say I would want to give one year's purchase for a thing such as I speak of.

The question as to the number of years' purchase that is used as the multiple is largely a matter of opinion by the accountant who happens to be solving the problem at the time. In my opinion it is absolutely arbitrary, and has to be fixed in accordance with the surrounding circumstances which are of such a nature as are capable of actual changes. It depends upon the probability of the length of time the business will continue to be profitable.
6953 The question as to the number of years' purchase is one that must be determined by the buyer and seller, or by a court if a court is passing on it. There is no rule of
6954 accountancy which determines the number of years' purchase. I could very easily mention some of the things that have to be considered in my opinion in order to determine what the good will of any business is worth or in order to get at anything like a fair way of determining the good will value of a business. But there are almost

an indefinite number of factors that have to be considered in determining the good will or otherwise attaching to a business. In my opinion good will attached to a corporation is something like talking about charm as attached to a woman. You know what I mean, but it is rather hard to define it. There is a quantity of things that make it up. Of course, the merit of the merchandise being dealt in would be a very important factor, the reputation of the management for integrity and fair dealing, the personality of the management. I know of half a dozen clients whose businesses, or corporations, I would not personally pay a penny for their good will if I knew that the present active management were going to withdraw tomorrow.
(4679) So many of those things are more or less of a one
6955 man business. Then, of course, the popularity of goods with the public has a bearing, and the efficiency of the manufacturing and the selling organization built up, in my opinion, in a large business is probably the most important factor. Then you would have to consider very carefully the likelihood of competition, which does not exist at the moment, appearing at a not far distant time. I am generalizing now.

Then, as to the popular taste, of course, particularizing now, on a thing like the Wrigley Company's product, of course, you have got to make up your mind whether the public is always going to want to chew gum or whether they will take to eating Eskimo Pie or something of that kind. I mean popular taste changes very rapidly and popular things.

Then, another thing which I do not think I mentioned is the long history back of the business. Of course if you have been in business for fifteen or twenty years with a constant upward trend, gaining profits, always increasing, the good will will be very much more valuable than that of a business that has only endured for a
6956 few years. Of course, in buying the good will of a business which shows a downward trend a very much smaller value would attach to the value of the good will.

Advertising, of course, is one of the factors entering into the creation of good will if good will exists.

As to whether advertising, in my opinion, creates a good will or as to whether the question of a good will is created by advertising depends on the result and effect of the advertising, I will say, of course it depends on the

result and effect. A great deal of injudicious advertising
(4680) is done, in my opinion, without creating any beneficial effect.

I have seen the advertising done by the Wrigley business during the accounting period as shown in the seven books of advertising, Larson Exhibits 30 to 36, inclusive. I have not made an exhaustive study of them, but I am generally familiar with them.

6957 I will state to the master what, in my opinion, is the proper way to treat the expense of the Wrigley Com-
6958 pany's advertising during the accounting period. In my opinion the advertising should be allocated on a measured space basis wherever that is possible, because in my opinion that is the fairest and most just way to ascertain what the advertising cost. I know it is suggested in this case it should be distributed in accordance with the sales, and I do very positively disagree with that theory of allocation because you are judging how you shall divide the effort by the result obtained, which, of course, is illogical. One may spend a million dollars in endeavoring to sell something and he may sell nothing at all.

Referring to my prior answer where I said that I had prepared statements showing the proportion of interest on good will at the rates of five per cent, six per cent and seven per cent per annum chargeable to Doublemint, using two to nine years' purchase, I will say I have prepared such statement based upon Freeman's figures where he allowed six per cent on tangible capital and also on Freeman's figures where he allowed seven per cent as interest on tangible capital.

(The witness produced the last two statements referred to. They were offered in evidence by Mr. Mayer; said statements consisting of six sheets, the first sheet being
(4681) headed "Proportion of Interest on Good Will at the
6958 rate of 5% per annum chargeable to Doublemint (Calculating Doublemint proportion on the ratio of Doublemint sales to all sales)". Were offered, were received in evidence, and marked Wrigley Exhibit 92, Bennington 15.)

Said exhibit (sheets 3, 6) shows the proportion of interest on Good Will, figuring interest at 7% per annum, chargeable to Doublemint, calculating Doublemint's proportion on the ratio of Doublemint sales to all sales. The value of Good Will is assumed to be 2 to 9 years' purchase of Excess average annual Profits of last 3½ years

over Interest on Tangible Capital at 6% and 7%, respectively, in accordance with theory advanced by the L. P. Larson Jr. Company's expert, Freeman, in Larson Exhibit 145 A. The Goodwill value at the beginning and end of each period have been added and the total divided by 2 to get average value applicable to each period. As thus made up, the said exhibit (sheets 3, 6) shows:

Number of Years' purchase of Excess average annual Profits on which Goodwill is based	Using Interest on Tangible Capital at 6%	Using Interest on Tangible Capital at 7%
Two Years,	$155,685.35	$149,552.37
Three Years,	233,528.01	224,328.56
Four Years,	311,370.67	299,104.73
Five Years,	389,213.33	373,880.91
Six Years,	467,056.00	448,657.11
Seven Years,	544,898.68	523,433.29
Eight Years,	622,741.31	598,209.48
Nine Years,	700,583.99	672,985.66

(4682) Referring to Wrigley Exhibit 92, Bennington 15, I will say that there is no rule of accountancy as to the length of time that ought to be taken into consideration of the value of the good will of a business for ascertaining past profit.

6960 Speaking generally, I think that a period of about three years, between two and three years, is probably as fair a period to take as anything else, but all the surrounding circumstances again have to be taken into consideration. If one were dealing with a long continued, old established business, of course, one would prefer to take a longer period and take the average over that greater length of time, so that you would get a more stable average. Then again, of course, you would have to consider whether there had been violent fluctuations in the profits during the immediate preceding period or whether there were any peculiar set of circumstances existing, such as the recent war or the prevalance of strikes or lock-outs, or something of that kind, that might have affected the particular business so as to make it more or less profitable. Generally speaking, the longer the period of time you take your average over, the more reliable that average should be unless violent fluctuations have occurred.

(4683) I have prepared a statement showing the percentage of amount of Doublemint sales to amount of all gum sales, excluding sales of private brands, and to amount of all sales.

(The witness produced said statement. It was offered in evidence by Mr. Mayer. Said statement headed
6961 "Statement of percentage of amount of Doublemint sales to amount of all gum sales (excluding sales of private brands) and to amount of all sales". Was received in evidence and marked Wrigley Exhibit 92, Bennington 16.)

Said exhibit shows the aggregate of "total sales" and of "Doublemint sales" and the "Percentage of Doublemint to Total Sales" the same as the master reported them in his report (p. 9) except that instead of the master's percentage of 14.016 of Doublemint to total sales from January 1 to November 12, 1918, said exhibit, Benington 16, shows the percentage of Doublemint to total sales from January 1, 1918 to August 24, 1918 to have been 14.9042 percent and from August 25, 1918 to October 4, 1918, 19.8089% and from October 5, 1918 to November 12, 1918, 2.54335%.

(4684) The sales of private brands were supplied to me by the officers of the Wrigley Company. I did not extract them myself from the books of the company.

6932 WILLIAM HENRY STANLEY, resumed the stand for further examination:

I prepared a list showing the sales of private brands and the number of boxes on which Bennington 16 is based as regards the figures for private brands. I did that correctly from the books and records of the Wrigley Company. They are correctly shown on Wrigley Exhibit 92, Bennington 16. I believe that is a correct copy of the list that I supplied Mr. Bennington's office.

(4685) *Cross-Examination by Mr. Aldrich*

6962 Although I had nothing to do with the figures shown
6963 under column 5 of Bennington 16, I can state that the merchandise sales are arrived at in that column by taking the amounts shown on our purchase ledger. In the purchase ledger we carry an account for purchases of merchandise. If I have previously testified that is is impossible to segregate sales of merchandise from the sales of gum without going over several million sheets,

that is correct because the purchase ledger shows the pur-
6964 chase amount, whereas the sales slips would show the amount received for that merchandise combined with gum, and an adjustment has been made on this statement, Bennington 16, taking into account items that were brought up, I think, by Touche-Niven or Marwick-Mitchell, that is, the question of revenue stamps and some errors that were committed by the Wrigley Company in computation as to one or two of the items of merchandise. The purchase ledgers to show, however, the amount that we paid for merchandise.

The explanation I have given with reference to column 5 is also applicable to column 8 of Bennington 16, in so far as the merchandise is concerned, and is arrived at by the same process from the purchase ledger of merchandise.

Redirect Examination by Mr. Lane.

I don't mean to say that I got all the information on which I base those two columns, 5 and 8, simply from the merchandise ledger. Mr. Eckerly has made some very full statements, and Mr. Eckerly is the gentleman who testified to the merchandise sales and furnished the information except what I gave in a general way, so that
(4686) there will be some additional information furnished in connection with these items to make it entirely clear.

6965 HAROLD BENNINGTON, resumed the stand for further direct examination by Mr. Mayer:

Column 2 of Wrigley 92, Bennington 16, purports to show the total of all sales per account filed. That means the total of all sales of everything, gum and merchandise, per the Wrigley account files.

I described column 5 of that exhibit as merchandise sales as per statement No. 7 (including adjustments of
6966 revenue stamps and refrigerators). Statement No. 7 refers to the statement of that number contained in my report which was filed yesterday. I mean pages 36 and 37 of Wrigley Exhibit 92, Bennington 1.

I arrived at the figures in that column 5 of Wrigley 92, Bennington 16 as follows: As to the source, I took

them from the figures already testified to by Mr. Eckerly on the subject of loss on sales of merchandise with Doublemint. There is considerable testimony from Mr. Eckerly in the record about that and the loss on merchandise was figured into the filed account as you will remember.

In explanation of that I would say this, that the figures on which the loss on merchandise were derived were all contained in the working papers that Touche, Nevin & Company went over and they criticized the figures shown for loss on merchandise in two respects, and statement 7 of the report I filed yesterday seeks to correct those errors pointed out by Touche, Niven & Company, conceding they were errors, and I just want to emphasize
6967 that the underlying working papers which Touche-
(4687) Niven have already examined disclose just what the sales of the merchandise were taken as being in the Wrigley original filed account for that purpose, and I have used those in this computation after making these adjustments. I am referring to the working papers of the Wm. Wrigley Jr. Company used by them in making up their statement of loss on merchandise as filed by them in their account.

As to whether the amount so shown on those working sheets of the sales of merchandise during the accounting period was accepted as correct by Touche, Niven & Company in their report, except in so far as I have changed them I will say the sales were accepted as correct by Touche, Niven & Company merely inferentially in that they raised no objection to further deductions drawn from those figures by the Wrigley Company in ascertaining the natural loss of merchandise, they raised no objections except certain ones which we have now met by corrections in the account I filed yesterday. As I recollect it there was no criticism made as to the correctness of the amount shown on the working sheets of the Wrigley Company to have been the amount of merchandise sold.

March 7, 1923.
2 o'clock, P. M.

6968 EDWARD W. ECKERLY, recalled for further examination on behalf of the Wm. Wrigley Jr. Company, testified as follows on direct examination by Mr. Mayer:

I have examined the books and records and papers of the Wm. Wrigley Jr. Company sufficiently to tell whether the figures in column 5 of Wrigley Exhibit 92, Bennington 16, are correct.

Column 5 of Bennington 16 shows the cost of the merchandise that was shipped with the various brands of chewing gum, as I explained in my early testimony, and arrived at the cost. I think you will find that I said at that time we had books and records where we kept our
6969 stock that show the number of items that were shipped at all times, that we took the total number of the different
(4688) items and multiplied them by the cost, and that we did not segregate each piece of merchandise from the individual shipping sheet. I also believe you will find, at the start of this case, where I testified to the effect that we also had a merchandise account on our purchase ledger, that every item of merchandise, including glass jars and premiums of all kinds, was included under this one account and that when we took these items that we had in our original filed account we did not even consider the glass jars which, of course, would make quite a nice sum, but that we included as the sales price on the Doublemint gum we have accounted for prevailing selling prices. If we had considered the cost of the glass jars at that time and had any way of deducting that cost, the selling prices would have been less. These figures in column 5 of Bennington 16 correspond with the figures already submitted, with the exception of a few clerical errors and also one error that really should not have happened, but it did, and that is the war tax rebate stamps at four cents per box. I did not know that Nelson Buck had taken that time into manufacturing cost and after I discovered that, why, the figures were changed accordingly. It was really a duplication.

6970 The figures in column 5 of Bennington 16 correctly

show the amount of merchandise sales calculated in the manner that I have stated. And in my former statement by taking the war tax rebate stamps, by duplicating this charge I don't mean we actually charged it again, but we failed to deduct it or give credit to the merchandise and it when we were calculating our figures. By that I mean that every box of gum that we sold brought back the four cents per box, and when I found out that the factory had taken the cost of the stamps in the manufacturing
(4689) cost, then I knew that we had to give the Larson Company credit for the four cents per box that we got back, and that is the reason the cost of merchandise or the selling price of the merchandise should be changed accordingly.

In arriving at the figures contained in column 5 of Bennington 16 I have made proper corrections because of that aforesaid rebate tax. We have never taken into consideration the cost of the glass jars, and it is not included in column 5. The advantage from omitting the glass jars in making the calculations of column 5 is all
6971 the way along to the Larson Company. The calculation of the cost of the glass jars would entail a tremendous amount of work. Rather than do that we are giving Mr. Larson the benefit of it.

Another statement that I would like to make on the record is that we did not take the merchandise purchased or the total merchandise purchased from our purchase record, and that, I think, is where Mr. Aldrich was a little confused this morning. I make that statement just to tell him that the merchandise that we are taking under column 5 was all figured specially, as explained in my early testimony, and I think he understands that thoroughly.

Wrigley Exhibit 92, Bennington 16, says that it is "excluding sales of private brands" in its head note. By "private brands" we mean brands that are made or manufactured for chewing gum concerns, the labels or counterbands of which are entirely different from those that we used; in fact, they do not bear the name of Wm.
6972 Wrigley Jr. Company at all. The wrappers, including the inside labels, are all special, with the name, trademark and so forth, of the concern that we manufacture the gum for. Those packages are entirely dissimilar to
(4690) the Doublemint packages as to color and color scheme.

I have never seen one that looked like a Doublemint package, and the gum is not sold as Doublemint.

I will state what I know with regard to the collection of the information and figures contained under that column 4, of Wrigley Exhibit 92, Bennington 16, which purports to show the total gum sales of private brands.

To arrive at the total sales on private brands, it was a very easy matter to go to the individual accounts. For instance, we manufactured chewing gum under private brands for the Watkins Medical Company, at Winona, Minnesota, and all of their purchases would appear under their own account. So that we went to each individual account and took off the sales and arrived at the grand total, and we did this with each and every account and and the grand total can be proven by referring to our original sales ledger.

6973 (Mr. Lane then took the witness on direct examination.)

I will state how I arrived at the figures in column 5 of Wrigley Exhibit 92, Bennington 16, referring to merchandise sales. I gave testimony as to this particular part early in the case and stated at that time that we kept a record of all the different pieces of merchandise, clocks, scales and so forth, that were shipped, and that we knew by our records just how many we shipped daily and monthly. We also had a cost record system showing exactly what we paid for such merchandise. We took the total number of items that were shipped, multiplied each item by the actual cost and then took the selling price of the premium assortment,—the drop shipment assortment,—which would be less the fifteen per cent trade discount to the jobber, and after figuring the chew-

(4691) ing gum at fifty-five cents per box, or forty-eight cents, of fifty-two cents per box, whichever happened to be the prevailing selling price at that time, the amount left over we considered was received from merchandise. Then we figured this amount the cost and that would show whether we made a profit or whether we made a loss on

6974 that particular sale of merchandise. Then against Doublemint gum, the percentage of Doublemint as to all other brands, was figured as per the original statement filed by the Wrigley Company, I believe my former testimony will be along the same lines a little further explained.

(Mr. Aldrich did not cross examine.)